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REPORTS OF THE MANAGERS
OF THE
RUTLAND RAILROAD CO.

TO THE
STOCKHOLDERS;

WITH THE
OFFICIAL PROCEEDING OF THE MEETING AT RUTLAND,
January 30th and 31st, 1872 ;

WITH AN APPENDIX CONTAINING
THE CHARTER AND BY-LAWS, THE CONTRACT AND LEASES
TO THE MANAGERS OF THE VERMONT CENTRAL AND
VERMONT AND CANADA RAILROADS, TOGETHER
WITH THE PAPERS LAID BEFORE THE
STOCKHOLDERS BY THE
PRESIDENT.

RUTLAND:
TUTTLE & CO., PRINTERS.
1872.

RUTLAND RAILROAD COMPANY.

PRESIDENT.

JOHN B. PAGE.

DIRECTORS.

JOHN B. PAGE	RUTLAND, VT.
GEORGE B. CHASE	BOSTON.
PETER BUTLER	BOSTON.
EDWIN A. BIRCHARD	BRANDON, VT.
LAWRENCE BARNES	BURLINGTON, VT.
JAMES. H. WILLIAMS	BELLOWS FALLS, VT.
DAVID N. SKILLINGS	BOSTON.

TRANSFER AGENT.

GEORGE B. CHASE, 13 KILBY STREET, BOSTON.

TREASURER.

J. M. HAVEN, RUTLAND, VT.

CLERK.

B. B. SMALLEY, BURLINGTON, VT.

OFFICIAL RECORD OF STOCKHOLDERS' MEETING— RUTLAND RAILROAD COMPANY.

The Annual Meeting of the Stockholders of the Rutland Railroad Company, for the year 1871, will be held at the office of the President of the Company, Rutland, Vt., on the 30th day of January, A. D. 1872, at 3 o'clock P. M., for the election of seven Directors for the ensuing year, and for the transaction of any other business that may come before the meeting.

B. B. SMALLEY,
Clerk Rutland Railroad Co.

Burlington, Vt., December 30th, 1871.

The Stockholders met in pursuance of the above notice published more than three weeks in the *Boston Post*, the *Boston Journal*, and the *Boston Advertiser* newspapers, published in Boston, Mass., and in the *Rutland Daily Herald*, published at Rutland, Vt., and the *Daily Free Press and Times*, published at Burlington, Vt.

The meeting was called to order by D. N. Skillings, Esq., President, *pro tem.*, Gov. Page, the President of the Company being unavoidably absent.

The call for this meeting, and the proceedings of the last meeting of the stockholders were read by the Clerk of the Company.

The President *pro tem.* presented the report of the Directors of the Company.

On motion of Jacob Edwards, Esq., seconded by Gen. James S. Whitney, the report was accepted.

J. M. Haven, Esq., Treasurer of the Company, presented his report, and, on motion, the same was accepted and ordered to be put on file.

Gen. James S. Whitney offered the following resolution :

Resolved, That the Directors be authorized, and are hereby instructed to prepare and to issue to the holders of the preferred stock, a scrip dividend of three and a half per cent. to date, February 1st, 1872, upon forty-three thousand shares of preferred stock; and also that said Directors are hereby instructed to issue as the necessities of the road, in payment of accruing dividends, and the debt of the Corporation may require, a seven per cent. bond, not exceeding twelve hundred thousand dollars in amount, such bonds to bear date February 1, 1872, payable twenty years from date, with interest payable semi-annually, on the first days of February and August of each year, secured upon the income of the Corporation, to be disposed of in liquidation of the debt, at not less than the par value. Provided, that the scrip dividend upon the preferred stock shall, in sums of not less than one hundred dollars, be at all times convertible into such seven per cent. bond, dollar for dollar of principal and interest, until such time as the Corporation shall resume dividends payable in cash upon the preferred stock.

And the same was seconded by Mr. Burnham, of Gloucester, Mass.

Edward Blake, Esq., of Boston, Mass., called for a stock vote on the above resolution, and such vote was ordered.

The Chairman appointed Messrs. Edwards and Parsons as tellers, to receive and count the votes.

The tellers reported the whole number of shares voting on the above resolution to be 32,972, of which number 30,616 shares voted for the resolution, and 2,356 shares voted against it, and thereupon the resolution was declared to be adopted.

On motion, the Stockholders proceeded to elect seven Directors for the year ensuing, and the Chairman appointed Messrs. Edwards and Parsons tellers to receive and count the votes, who reported the whole number of votes cast to be 32,646, and that Lawrence Barnes, James H. Williams, George B. Chase, Peter Butler and D. N. Skillings each received 34,646 votes, and that E. A. Birchard received 30,877 votes, John B. Page received 29,995 votes, and Edward Blake received 783 votes, and, thereupon, Messrs. Barnes, Williams, Birchard, Page, Butler, Chase and Skillings were declared elected Directors for the year ensuing.

Mr. Burnham, of Gloucester, Mass., offered the following resolution, which was unanimously adopted, viz.:

Resolved, That the Directors of the Rutland Railroad Company proceed, as soon as practicable, to give the Stockholders a report of the financial condition of the road, January 30th, 1872, and have it printed and sent to each Stockholder.

On motion, the meeting adjourned until January 31st, 1872, at 9 A. M., at the same place.

JANUARY 31st, 1872.

The Stockholders met pursuant to the adjournment of yesterday, and Gov. Page, President of the Corporation, having this morning arrived from Europe, after a voyage of some twenty days, took the chair.

The President made a short statement as to the financial condition of the road, and asked leave to make out a full report of its finances, and to have the same printed with the proceedings of this meeting, which request was unanimously granted.

Gen. Whitney offered the following resolution, which was adopted:

Resolved, That Messrs. Edward Blake, A. W. Spence and Jacob Edwards, as a Committee of the Stockholders, be appointed and invited to act as an Advisory Committee with the Directors, in matters relating to the finances of the Corporation, with power to make such examination of the accounts and business of the Company as may, in their judgment, promote the best interests of the Stockholders; such Committee to make report at a future meeting of the Stockholders.

On motion, adjourned without date.

[Attest.]

B. B. SMALLEY, *Clerk*.

REPORT OF THE PRESIDENT, PRO TEMPORE.

It is due to the Stockholders that the actions of the Board during the past year should be laid before you, regretting that the absence of the President places the duty on myself, as President *pro tempore*, I beg leave, therefore, to report as follows, viz:

At our last annual meeting we were called upon to give authority to the President and Directors to consummate a lease of the road, with all its rolling stock and fixed property to the Trustees and Managers of the Vermont Central and Vermont and Canada Railroad.

The unanimous consent of the Stockholders was given to the President and Directors to carry out the proposition, and which, I am happy to say, has been carried out, and the road has been leased and placed under the entire control and management of said Trustees.

The moveable property, such as wood, iron, oil, etc., have been sold to said trustees and lessees, and payment therefor has been received by this Corporation.

The rent of the road under the lease has been promptly and regularly paid, and the arrangement is satisfactory to both parties.

The Board, after the consummation of the lease, which was a work of great labor, have given their attention to settling up and releasing the Corporation of the various trusts under which the road has been worked and controlled, known as the Trustees of the First and Second Bondholders, and the result of our efforts are that the First Mortgage Bonds have been liquidated and become the property of the Corporation, with the exception of thirty-five thousand dollars, of which not more than seven thousand can be traced as yet, and the remainder may never come to light.

The Second Mortgage Bonds, also, have been liquidated, except about fifteen thousand dollars, and the Trustees have rendered their

account to the Court, which has allowed it to be correct; and the understanding of the Directors is that the Trustees under that mortgage have no further duty or power than to protect the interests of the outstanding fifteen thousand dollars of bonds.

It is from the rendering of this account of these Trustees under the second bonds, and over which the Directors have had no control whatever, that the Corporation finds, to its surprise, that a large debt was created under that trust, and by them bequeathed to this Corporation, and which debt demands the serious consideration of this meeting.

The following is an abstract from the Treasurer's Report, and by which will be seen the floating debt of the Corporation, and I recommend that measures be taken at this meeting for the funding the debt, and providing for the dividend due on the preferred stock due February 1st:

The floating debt, including dividend on the preferred stock is,-----	\$1,708,623 56
Quick Assets,-----	422,187 92
	\$1,286,435 64

Of this sum it seems the greater part is chargeable mainly to the expenses incurred by the Trustees, viz.:

Costs of litigating the Cheever and Hart

suits, by both parties,-----	\$375,390 49
Cost of disasters by the floods of 1869,-----	250,000 00
Cost of Accident at Mt. Holly,-----	50,000 00
Dividends paid prior to lease,-----	559,000 00
Interest Account,-----	232,346 59
Real Estate Improvements at Burlington-----	111,000 00
	\$1,577,737 08

It is not to be understood that the assets herein stated are all the assets the Corporation have, but that the rest are all tied up under the lease, and are consequently not available.

The property of every description transferred to the lessees, has been most carefully appraised, and is to be returned in kind at the termination of lease, and of equal value.

The Board recommend that full authority be given to the Directors, to be based upon the income of the road, to fund the debt and meet its obligations.

STATEMENT PRESENTED TO STOCKHOLDERS BY MR. SKILLINGS,

PRESIDENT, PRO TEMPORE,

LIABILITIES.

Bills payable,-----	\$1,561,088 82
Rents due and unpaid,-----	14,466 74
Dividends on Preferred Stock, due Feb. 1st, 1872,--	1,990 00
	<u>134,028 60</u>
	\$1,708,623 56

ASSETS.

Real estate at Burlington,-----	\$10,000 00
Wood lots,-----	10,000 00
Burlington Steam Boat Co.,-----	125,000 00
Montreal & Platts. R. R.,-----	14,486 89
Bennington & Rutland R. R.,-----	1,600 00
Securities,-----	6,700 00
Addison R. R.,-----	181,183 71
Seven per cent. bonds of Rutland R. R.,	10,000 00
Cash,-----	1,817 12
Preferred Stock, not issued over and above outstanding 1st Mort. Bonds,	61,400 00
	<u>422,187 92</u>
	\$1,286,535 58

This debt has been created for the following purposes, which are independent of ordinary expenses of running and managing the road.

Paid Cheever and Hart, costs, expenses and exchange,	\$186,733 33
For legal services,-----	128,657 16
Gov. Underwood, for services,-----	30,000 00
G. M. Barnard, for services,-----	30,000 00
Expenses of disaster by freshet,-----	250,000 00
Gratuities for Mt. Holly accident,-----	50,000 00
For Rolling Stock, 1868 to 1870,-----	246,378 55
Dividends before Lease of road,-----	559,405 00
Interest Account,-----	232,346 59
For Real Estate at Burlington,-----	<u>111,000 00</u>
	\$1,824,520 63

Respectfully submitted to the Stockholders at the Annual Meeting, at Rutland, January 30th, 1872.

D. N. SKILLINGS,

President, Pro Tempore.

RUTLAND RAILROAD COMPANY.

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BALANCE SHEET, DECEMBER 30TH, 1871.

Cr.

Stock,-----	\$2,499,900 00
Stock, Preferred,-----	4,147,600 00
Bills Payable,-----	1,561,088 82
Rents,-----	387,500 00
Equipment Bonds,-----	1,000,000 00
Lesses Vermont Valley R. R.,-----	14,466 74
	\$9,610,555 56

Dr.

To Second Mortgage Bonds,-----	\$1,185,500 00
Coupons Second Mortgage Bonds,-----	1,121,380 00
First Mortgage Bonds,-----	1,763,600 00
Coupons, First Mortgage Bonds,-----	2,291,751 24
Dividends,-----	583,828 00
Real Estate,-----	126,575 87
Construction Account,-----	815,000 00
Interest "-----	232,346 59
Salaries and Misc. Expenses,-----	366,201 53
Equipment Account,-----	659,416 77
Burlington Steam Boat Co.,-----	220,196 51
Montreal & Plattsburg R. R.,-----	14,486 89
Bennington & Rutland R. R.,-----	1,600 00
Securities,-----	6,700 00
Addison R. R.,-----	181,183 91
Taxes and Insurance,-----	10,555 63
Gratuities and Damages,-----	28,415 50
Cash,-----	1,817 12
	\$9,610,555 56

February Dividend, 1872, due holders of Preferred	
Stock, free of Government Tax,-----	\$145,166 00

OUTSTANDING.

Rutland & Burlington First Bonds,--	\$36,400 00
" " Second " --	14,500 00

J. M. HAVEN,
Treasurer.

ANNUAL REPORT.

TO THE STOCKHOLDERS :—It will be necessary to review the past in order to arrive at a correct understanding of the present condition of the corporation. This report will therefore enter into a history of the Rutland Railroad (late Rutland & Burlington Railroad,) since the year 1863. In that year, and in 1864, Edwin A. Birchard and John B. Page were appointed Trustees of the Second Mortgage Bondholders of the Rutland and Burlington Railroad Company, and as such Trustees had the possession and management of the road until February 8, 1871, when it passed as of the first of January, 1871, by leave of the court of chancery, under the contract or lease to the managers of the Vermont Central and Vermont & Canada Railroads. The leases of the several lines operated by the Rutland Railroad managers were also assigned as a part of the same contract. These contracts and leases are* given in full in the appendix, and are referred to and made a part of this report. They are, *First*, the contract with the Vermont Central and Vermont & Canada managers and the papers attached thereto. *Second*, the assignments of the leases referred to in the contracts, and *Third*, copies of all the leases assigned.

By the contract referred to and the leases assigned, there passed the control of the following, viz :

A branch of the Vermont and Massachusetts Railroad from Brattleboro to Groat's Corner.	21 miles
The Vermont Valley Railroad from Brattleboro to Bellows Falls.	24 "
The Rutland Railroad from Bellows Falls to Burlington,	120 "
The Steamer Oakes Ames, running from Burlington to Plattsburgh,	23 "
The Montreal & Plattsburgh Railroad from Plattsburgh to Canada line,	24 "
The northern division of Whitehall & Plattsburgh Railroad from Plattsburgh to Ausable,	20 "
The Addison Railroad from Leicester Junction on the Rutland Railroad to Ticonderoga,	14 "
The Southern Division of the Whitehall and Plattsburgh from Ticonderoga to Port Henry,	17 "

With this opening statement, it seems proper that the trustees should present that part of the report pertaining to their management. Your attention is therefore requested to the

TRUSTEES' REPORT.

When the present Trustees came into the trust, there was pending in the court of chancery of Vermont, proceedings to foreclose the first mortgage upon the road and property, in which heavy expenses had been already incurred. This litigation continued until the majority of the Supreme Court, at the February Term in 1870, at Rutland sent down to the court of chancery the following "mandate for decree:"

CHEEVER & HART ET ALS.
VS.
RUTLAND & BURLINGTON RAILROAD CO. ET ALS. }

In this cause the *pro forma* decree of the court of chancery is reversed and the cause remanded, and it is ordered that a decree pass for the orators to the following effect:

That the first deed of trust and mortgage is valid;

That the said Cheever and Hart are the legal and equitable trustees under said deed, vested with like powers and charged with like duties as the original trustees Hooper and Haven;

That the bonds secured by said deed may be paid in any lawful money of the United States;

That the holders of said bonds are entitled to interest thereon at the contract rate until paid, that is, at (7) per cent. per annum, payable semi-annually, and all sums which have or may become semi-annually due, as interest, whether the same be expressed in coupons or not, shall draw interest at six per cent. from the time when due until paid;

That the said decree of 1855 is valid and should in its substantial parts be executed by the decree in this cause, that the second mortgage trustees are entitled to have and may have such personal indemnity and such security and lien upon the trust property, when in the hands of the trustees under the first deed of trust and mortgage as are provided by said decree, and that said second trustees as soon as may be, render, in this cause, their account of their administration of their trust for the period since the last accounting which was rendered and settled by the court of chancery under the decree of 1855;

That the said provisions as to liens, security and accounting shall not operate to delay or prevent an immediate transfer of the possession and control of the trust property from the trustees under the second deed to the trustees under the first deed;

That both by reason of the default under the first deed, and also by virtue of the decree of 1855, the orators are now entitled to such a transfer, and accordingly it is ordered that the second mortgage trustees be required to immediately surrender the entire trust property, including

the road and all its property real and personal, to the said trustees under the first deed, except the cash on hand, which the second trustees may retain in their hands, for their security, until their account shall be settled, they holding the same as hitherto under the order and injunction of the court of chancery as to its disposition;

That after such transfer the said first mortgage trustees shall hold and administer the trust property according to the fourth trust in the first deed of trust and mortgage and under the control and direction of the court of chancery, and as in the decree of 1855 is provided—and from the net earnings and funds of said trust property shall make such payments upon the interest and principal of the first bonds as required by said trust, but only under the order and direction of the court of chancery—and this relief is without prejudice to the right of the orators to the other remedies to which they may be entitled under their deed, provided others shall prove necessary to protect their interest.

It is further suggested to the court of chancery, that this cause be held as “with the chancellor” until the first day of June, 1870, before issuing any order for the transfer of the possession of the trust property, and if at that time, upon summary examination, it shall be made clearly to appear to the chancellor, that the defendants have paid the outstanding unconverted first mortgage bonds so far as accessible, then in that case to farther delay the order for a transfer of possession for the time being, to enable the defendants to discover remaining unconverted bonds and make complete payment, and obviate the need of such transfer. It is further ordered that the cross bill be dismissed with costs; that no costs be allowed either party by reason of the petition of Jacob Edwards and others; that the taxable costs of the orators in this suit be recovered against the defendants, Birchard and Page—and that the bill stand dismissed as to the defendant Fay, without costs and without prejudice.

For the court,

BENJ. H. STEELE, *Judge Supreme Court.*

STATE OF VERMONT, *Rutland County, Clerk's Office:*

I, Henry H. Smith, clerk of the supreme court, within and for the county of Rutland aforesaid, do certify that the foregoing is a correct copy of the original mandate in the above entitled cause of Cheever and Hart against the Rutland and Burlington Railroad Company and others now on file in this office.

Given under my hand and the seal of said court this fifth day of February, A. D. 1870.

HENRY H. SMITH, *Clerk.*

The “mandate for decree” directs “that said second Trustees as soon as may be, render in this cause, their accounts,” &c., and also declares “the decree of 1855 valid, and should in its substantial parts be executed by the decree in this cause.” The decree of 1855 prescribed the duties of the Trustees as follows:

"That said trustees shall operate and use said railroad, and all the property, both real and personal, hereinbefore described, in a prudent, judicious, discreet and efficient manner, according to their best judgment and ability, so as to obtain and realize therefrom the largest amount of net income; and shall, from the net earnings and proceeds thereof, at all times keep the said road and all its appurtenances, equipments, rolling stock, and materials, and all the property, both real and personal, hereinbefore described, in good thorough repair, and at all times keep on hand a full and suitable supply of equipments, rolling-stock, and other necessary materials for operating said road, so that said property both real and personal, shall be constantly kept in a high state of efficiency for the advantageous transaction of business over the whole line of said road."

Such undoubtedly would have been the duty of the trustees, had the decree contained no directions whatever in this particular. It also provided,

"That from the earnings and receipts of the business thereof, including the amount heretofore earned and received and not previously expended by said trustees, and the amount received from other sources, if any, on account of said property, they, the said trustees, shall pay, first, all the charges and expenses of managing and transacting the aforesaid business, including purchases of real and personal property necessary and expedient to the most full and efficient use of said trust property, so that it may produce the largest net income therefrom, and for renewals and repairs thereof: and also a suitable and proper compensation to the trustees under each of the several deeds of trust and mortgage in the Orator's bill set forth, subject, in case of difference, to the further order of this court; and also all reasonable costs and charges of defending the title to said trust-property, or any part thereof, and making out, adjusting and settling all the accounts of said trustees by this court, as hereinafter provided; and of protecting the franchise of said railroad corporation, by keeping up and maintaining the legal organization thereof, according to the requisitions of its charter and the laws of the State of Vermont."

The Trustees from time to time during their administration desired to state and present their accounts to the court for settlement, and we ask attention to the following letter from Judge Prout, giving their position on this point, and also stating how the accounts were finally closed:

RUTLAND, FEB. 6, 1872.

Gov. PAGE:—In reply to your inquiries, I can state that as early as January, 1864, the chancellor in the Cheever & Hart litigation against the Rutland & Burlington Railroad Company, granted an injunction, which among other things, restrained the trustees under the second mortgage of that company, and who were operating the road, from paying any part of its earnings or income to any person or party, except for ordinary expenses, or for replacing structures or other parts of the property which may have been, or which might thereafter be destroyed—or, for such other extraordinary expenses as might be needful in respect to accidents and damages arising in the course of its business. This injunction was in force when you came into the trust, and prohibited the use of the earnings of the road in paying expenses, necessarily arising in the course of that litigation. This injunction was however modified from time to time, on application, but only to allow the second trustees to use the income of the trust property in erecting new structures, purchasing care and machinery, &c., &c.

The answer of your associate trustee to the Bill of complaint of Cheever and Hart, put in issue the validity of the decree passed in the Ellis Gray Loring suit. That decree was obtained in 1855, and required the second trustees to make and file in the office of the clerk of the court a report of their doings in respect to the trust, including an account of their receipts and disbursements. It was under that decree that your predecessors in the trust, Messrs. Thacher & Henshaw accounted. Early in the course of your and your associate's administration, (the year I am now unable to state,) you desired that your trust accounts should be settled and stated by a master of the court, and I know that you directed me to draw up an application for that purpose, which I did. Counsel in the case thought that course might be prejudicial to the interests you represented, and might be regarded as acquiescing in the validity of the decree above referred to, and which was claimed to be invalid. For that reason, and that reason alone, although you often expressed to me a wish that it might be done, no further steps were taken in that direction by me, until after a decision of the cause adverse to your trust. After that decision and as the litigation was approaching an end, you again directed that steps be taken to settle your accounts. Accordingly on the 6th of March, 1871, a mo-

tion was filed for the appointment of a master, to that end. The chancellor on the 5th of April, 1871, made the necessary order, and required publication of it, which was as follows ;

"Rutland County Court. Cheever & Hart, et al. vs Rutland & Burlington Railroad Co. et al. In Chancery. Whereas, Birchard & Page, Trustees under the second mortgage of said Railroad Company, and defendants in said cause, have filed their motion therein praying said Court to appoint a special master to state, adjust and report their trust accounts, accruing in the operation of said railroad, as per motion on file; therefore, it is ordered that all persons and parties interested be notified thereof, and that they be required to appear before said Court of Chancery, on the 18th day of April, A. D. 1871, at Rutland in said county, to show cause, if any they have, why said motion should not be granted. And it is further ordered that notice be given by publishing this order in the Rutland Daily Herald for three days from the date hereof. Done at chambers in Rutland, in said county, this fifth day of April, 1871.

HOYT H. WHEELER, Chancellor."

On the day fixed for the hearing, no one appearing and objecting, the chancellor appointed the clerk of the court special master to take, state and report the accounts. The master thereupon examined and reported the accounts, a certified copy of which you have, and returned it to the court, when a motion was filed for its allowance and confirmation by the court. Notice thereof as required by the chancellor, was given, and was as follows :

"State of Vermont—In Chancery—Rutland County. Cheever and Hart, et als., vs. Rutland & Burlington Railroad Company. et als. Whereas, a special master appointed by the court in said cause to state, adjust and report the trust accounts of the defendants, Edwin A. Birchard and John B. Page, trustees under the second mortgage of said Company, and which accrued in running and operating the railroad of said company; and whereas, said master, on the 24th day of June, inst., made and filed his report, therein stating and allowing said trust accounts, which report said Birchard & Page move the court to accept: Wherefore, it is ordered, that all persons and parties interested be notified to appear before said court of chancery, on the 6th day of July, 1871, at the Court House in Rutland in said county, to show cause, if any they have, why said report should not be accepted by the court, and said accounts allowed as therein stated and settled. And it is further ordered that notice hereof be given by publishing this order in the Rutland Daily Herald, the Boston Daily Journal and the Boston Daily Advertiser, at least ten days prior to the date named and fixed for the hearing of said motion, praying the court to accept said report. Done at Rutland, in said county, this 20th day of June, A. D. 1871 James Barrett, Chancellor."

Subsequently the chancellor, on application of the Solicitor, of James S. Whitney, recommitted the report to the master, who on further examination, opposition having been withdrawn, reported in effect to the court, that said accounts as stated and allowed in his former report ought to stand; when the chancellor on the 26th of Oct. 1871, allowed and confirmed the same as therein stated.

Respectfully Yours,

J. PROUT.

The trust accounts were kept by competent book-keepers. All bills for ordinary expenses, on approval by the Superintendent, were paid by the Treasurer, and by him charged to the appropriate accounts. The Treasurer received and paid out all the funds, and for the faithful discharge of his duties ample bonds were taken. In the operation of the Road there was necessarily at all times on hand large quantities of material, such as fuel, shop stock, &c. When the road was leased all this property was sold to the Vermont Central managers. The inventory and appraisal occupied several months. A partial settlement for the same was reached in July last, and a final settlement on the 14th November, 1871.

At a meeting of the Directors of the Rutland Railroad Company, held December 31st, 1870, all the Board being present, it was voted, "That Mr. Williams and Mr. Butler, with Mr. Newton Kellogg, of Rutland, Vt., be a committee to examine and audit the accounts of the Second Trustees, and present said accounts to the court of chancery in Vermont, for approval of said court."

Mr. Kellogg had been engaged for some months previous to the passage of the vote, as auditor for the trustees, in verifying the accounts of the treasurer, and he, in connection with the committee compared every voucher with the books, and made a critical examination of the same. The statement of the accounts, as prepared by the committee, were submitted to the master appointed by the court, and by him examined, after due notice, and upon his report the accounts were allowed by chancellor Wheeler, all of which fully appears in the foregoing letter of counsel in the case.

The accounts as certified by the auditors and allowed by the master, were made up in the form used by our predecessors in the trust, and are as follows :

EARNINGS FROM SEPTEMBER 1, 1863, TO DECEMBER 31, 1870.

	PASSENGER'S.	FREIGHTS.	MAILS.	EXPRESSES.	RENTS.	TOTAL.
Balance of Income Account, Aug. 31, 1863.						194,393 77
From September 1, 1863, to August 31, 1864.	\$219,347 95	306,998 51	15,500 00	8,166 64	5,291 77	6 5 304 87
From September 1, 1864, to August 31, 1865.	295,091 03	407,572 16	16,500 00	9,000 00	7,473 81	735,357 60
From September 1, 1865, to August 31, 1866.	295,616 50	455,765 83	17,087 09	11,599 96	7,357 49	787,434 87
From September 1, 1866, to August 31, 1867.	300,442 79	470,840 90	21,699 69	11,599 96	10,203 60	823,786 94
From September 1, 1867, to August 31, 1868.	298,493 88	508,962 64	20,070 35	11,599 97	12,026 18	821,173 02
From September 1, 1868, to August 31, 1869.	290,548 95	537,372 60	19,399 92	11,000 00	12,022 37	871,143 84
From September 1, 1869, to Dec. 31, 1870.	309,868 01	747,188 62	29,806 50	15,411 67	13,250 72	1,292,185 58
	\$2,070,309 71	3,494,612 26	135,123 61	78,978 20	68,242 94	\$6,050,660 49

The undersigned having been appointed by the Directors of the Rutland Railroad Company, an auditing committee to examine the Books and Accounts of the Second Mortgage Bonds of the Rutland & Burlington Railroad, certify, that having made a careful examination of the Books and Vouchers kept by the Treasurer of said Trustees, we find the earnings and receipts as reported by the several departments credited, and the disbursements properly vouched and charged, and having examined the footings and postings, the above statement and the Trial Balance on the opposite side of this sheet appear to be correct.

Rutland, June 19, 1871.
 N. KELLOGG, } Auditing Committee.
 J. H. WILLIAMS, }

CHEEVER & HART, ET AL'S.

RUTLAND & BURLINGTON RAILROAD CO. ET AL'S. } IN CHANCERY: RUTLAND COUNTY, SS.

The undersigned appointed Special Master in Chancery to take and settle the accounts of Edwin A. Birchard and John B. Page, Trustees of the Second Mortgage Bonds of the Rutland & Burlington Railroad Company, from the 1st day of September, A. D. 1863, to the 31st May, A. D. 1871, Reports, That having notified the parties, he proceeded on the 6th day of June, A. D. 1871, and from day to day thereafter, to perform the duties of said appointment until the same were completed: said examination being at Rutland aforesaid, at the office of the Treasurer of said Company, pursuant to notice. No person appeared to object to any portion of said accounts as above stated, and said accounts as appears on the Ledger of the Treasurer are correct; all payments being fully vouched by the original Bills and Receipts, and all accounts of earnings corresponding with the reports of the several departments. All expenditures for said period so far as appeared from an examination of the accounts themselves, have been properly and economically incurred. Annexed is a statement of accounts as shown by a trial balance of the Ledger of said Company.

Respectfully submitted,

HENRY H. SMITH, Special Master.

TRIAL BALANCE MAY 31, 1871.

ROAD.	DR.	CR.
Troy & Boston.....		\$234 91
Ticonderoga.....	\$15 60	
Middlebury freight account.....	176 74	
Pittsford freight account.....	54 28	
Rutland freight account.....	3 89	
Mt. Holly freight account.....	65 92	
Chester.....	158 98	
Robert Allen.....	129 92	
J. G. Smith, banker.....	1519 92	
New York Central Railroad.....	989 23	
Pacific Railroad.....	41 37	
Vermont & Canada Railroad.....	313 25	
Hudson River Railroad.....		96 75
Great Western Railway.....	1034 73	
Cleveland, C. C. and Lexington.....	108 27	
Plattsburg and Montreal.....	482 88	
Chicago & Milwaukee.....	38 93	
Pittsford Quarry.....	94	
Toledo, Peoria and Warsaw.....	2 22	
Erie Railway.....	237 33	
Chicago and Alton.....	23 39	
Winona and St. Peter.....	12 35	
Camden & Amboy.....	75	
Philadelphia, Wilmington and Baltimore.....	66 28	
Toledo, Wabash and Western.....	39 25	
Hannibal and St. Joseph.....	111 18	
Ohio and Mississippi.....	33 55	
New Haven and Northampton.....	45 37	
Hudson River military account.....	387 76	
Louisville, Cincinnati and Lexington.....	2 20	
New York and Troy Steamboat Co.....		1 10
Great Western Railway.....	4 03	
Harlem Extension Railroad.....		134 24
Grand Trunk Railway.....	406 54	
Buffalo, Corry and Pittsburg.....	135 78	
Illinois Central.....	111 02	
Chicago and Northwestern.....	550 27	
New York, Harlem and Albany.....		26 22
Amount carried up.....	\$7,304 12	\$493 22

Amount brought up	\$7,304 12	\$493 22
Indianapolis and St. Louis.....	109 42	
Lake Shore	1731 69	
Milwaukee and St. Paul.....	373 61	
Hartford and New Haven Railroad....	115 64	
Philadelphia and Trenton		11 65
Pittsburg, Ft. Wayne and Chicago	34 05	
Detroit and Milwaukee	36 50	
Champlain Transportation Co.....	12080 52	
Chicago and Rock Island.....	178 66	
Chicago, Burlington & Quincy	35 44	
Pittsburg, Cincinnati and St. Louis....	48 15	
Sundry Western Railroads.....		651 00
Vermont and Massachusetts.....	259 80	
Connecticut and Pass. Rivers Railroad..	1617 09	
Sundry Roads, car service account.....	1492 80	
Sutherland Falls freight account.....	313 33	
Mooers' Junction	1094 02	
Connecticut River Railroad		2134 96
Bills Payable		62764 52
Cash on hand.....	39230 51	
	\$66,055 35	\$66,055 25

STATE OF VERMONT, }

RUTLAND COUNTY, ss. } RUTLAND COUNTY CLERK'S OFFICE.

I certify that the within and foregoing account is a true copy of the account, proof sheet, and reports of the auditing committee and master in chancery thereon, filed in this office on the 20th June, 1871, in the cause in chancery, Cheever and Hart et als., against the Rutland & Burlington Railroad Company et als.

Given under my hand and official seal at Rutland, this 17th day of July, A. D. 1871.

[L. s.]

HENRY H. SMITH, Clerk.

This report was filed in Court on 20th June 1871, and public notice given in the newspapers in *Vermont* and *Boston* since which date it has been open to inspection.

It appears from this settlement that the Trustees turned over to the Rutland Railroad Company a debt of only \$234,805.03. The trustees turned over as assets, real estate which had come down to them from their predecessors in the trust and represented in the balance on hand in 1863, and which the corporation have contracted to sell for \$12,000, also some securities upon which several thousand dollars may be realized.

To offset this there are some contingent liabilities growing out of the accident at Mt. Holly in June 1870, which have in part been settled by the Rutland Railroad Company. There are other suits pending growing out of an accident at North Clarendon crossing, but the trustees are advised that there is no just ground for recovery against them. There also came down to us from our predecessors a suit in Chittenden County in which it is claimed the trust should recover quite a number of thousands of dollars, and it is believed this case will soon be decided by the Court.

The *Trustees* during the time they were operating the road, expressed the opinion that *their* debt did not exceed the value of their assets. Were they warranted in this opinion, when the results of a full settlement of their accounts, and a sale of assets left a debt of ~~only~~ \$234,805.03. In answer let us examine the cause of this debt. In October 1869, there was an unprecedented flood, greatly injuring the road, and so much damage done to road bed and bridges that with all the effort possible, it was twenty-two days before a through train could pass over the road. Necessarily most of the work was at first temporary. The permanent repairs to road bed, bridges, &c., occupied the season of 1870, and were nearly completed when the road was leased. The expenses of these repairs are all charged in the Trust accounts for 1869 and 1870, and are shown in the excess over former years of the items under head of repairs of road, bridges, masonry, and fences, with rail and tie renewals. This excess amounts as made up by the Engineer of the road, upon a critical examination, to over two hundred and fifty thousand dollars, to which should be added at least one hundred thousand dollars for loss of income in ~~October~~ 1869.

In the settlement of their accounts the trustees were called upon to pay some extraordinary expenses, growing out of the

litigation with the first trustees. The pending injunction referred to in Judge Prout's letter had prevented the settlement of this class of claims, the amount of which far exceeded our expectations, as most clients have found in settlement for legal services. These bills are charged in the foregoing statement under the head of salaries and miscellaneous expenses, for 1870-'71—and amount in the aggregate to \$93,134.70. The balance charged under this head, over the amount charged in other years, is the sum allowed the Trustees, Superintendent and Treasurer, for services rendered, covering seven years and not heretofore charged off.

The results of the trustees' management as thus far appears may be summed up as follows :

Amount in debt on <i>full settlement</i> of accounts,	\$234,805.03
Amount of extraordinary expenses paid in 1869—'70—'71, as above stated, including loss of income in Oct. 1869,	\$443.134.70

Is it not manifest that with but a reasonable allowance for legal services and without the extraordinary expenses incident upon the flood, the trustees instead of being in debt upon closing up their accounts would have had a surplus of nearly or quite two hundred and fifty thousand dollars?

We will now from a different stand point and in connection with the foregoing, take another view of the trustees' management. For this purpose it will be necessary to inquire, what was the condition of the road when it came into the possession and management of the present trustees. We therefore refer to the testimony taken in the pending litigation with the first bondholders—and for the convenience of stockholders we extract therefrom that part of the deposition of George M. Chase, bearing on this point, taken February 21, 1866.

"Question 1.—What is your name, age and residence?

Answer.—My name is George M. Chase, I am forty (40) years of age, and reside in Rutland, in the County of Rutland, and State of Vermont.

Ques. 2.—What is your business or occupation.

Ans.—I am Roadmaster on the Rutland & Burlington Railroad.

Ques. 3.—How long have you been engaged in that kind of business, and how long in your present situation, and on what section of the road?

Ans.—I have been engaged in Railroad business about eight

teen (18) years. I became connected with the Rutland & Burlington Railroad, in my present capacity as Roadmaster of the Eastern division—that is from Rutland to Bellows Falls, in October 1864. My Railroad business for said eighteen (18) years has been laying and repairing track, and all other kinds of work connected with the track.

Ques. 4.—Had you any knowledge of the condition of the track on the Rutland & Burlington Railroad prior to October 1864?

Ans.—I had not, only as I came over it, about four (4) weeks before.

Ques 5.—What was the condition of the road bed, track, bridges, structures, passes, etc., in October, 1864, on the said Eastern Division?

Ans.—I went over the road, and was occupied for some six (6) or seven (7) days in examining the condition of the road, track, etc., on said Eastern Division, and found it in such bad condition, that I went into the office, and finding Mr. Page and Mr. Merrill there, I told them that I found the road in such bad condition, that I did not want to take hold of it, and I thought I had better take back track and go home again. To which they replied that they knew it, and it was for that reason they wanted to employ me—that if the road had been in good condition they should have been satisfied with their old employees,—but being in bad condition they wanted to employ me to put it in good condition. I started from Bellows Falls and traveled on the line of the road, afoot from there to Rutland, I found in coming over the road, the rails out of the chairs and nothing to hold the rails in the chairs; there were nearly three thousand rails in this condition. The ties along were so that you could pull the spikes out with your fingers, or kick them to pieces with your feet; about one-third of the ties were in this condition. The rails were bent, wore out and smashed up. I could not tell how many of them were in that condition, there were so large a number of them. There were no ditches of any amount on the line of the road; they were all filled up, and it resembled an old worn-out farm as much as anything that I can think of. The fences were poor. The culverts were in a pretty good condition, and the bridges were not very bad, although some of them were in rather poor state. The road bed was pretty bad off and was muddy and the track was bad on account of the roadbed not being grav-

eled up. The water tanks were bad, there were but one or two of them in good shape. Some of the depots were in good condition, and some of them were in horrid shape and looked as if they had been deserted."

The foregoing is a fair statement of the condition of that part of the road referred to, and a good type, comparatively, of the whole. It was manifest to the trustees that the employees were operating the road in constant fear of their lives, and some sought other situations for this reason. We had not even the respect of connecting roads and were plainly told "that our cars could not be received unless repaired, as very many were old and not safe to run, and trains and men were in constant danger from this cause."

The total value of the road, rolling stock and property in 1862 would not exceed one million and five hundred thousand dollars. The value of its stock and securities in the market based upon the average of sales of that year was only eight hundred and thirty-four thousand dollars.

The trustees determined that the road in all its departments should be made effective for its business. This required large expenditures, beginning in the fall of 1864, and extending through several years. These expenses are charged under the heads of "repairs and renewals" in the account as heretofore stated. There is included under "repairs of Locomotives" in 1865, the sum of \$101,656.00 paid for four new locomotives. This additional power was indispensable to the operations of the road, and we were obliged to purchase at the high prices then ruling on account of the demand growing out of the war. Previous to this purchase no locomotives had been bought since 1855, a period of ten years. Most all the power had been on the road since 1849-50.

Nine locomotives were soon out of service, being worn out. The others were rebuilt, with new boilers, and otherwise repaired, at a large expense. Besides these repairs the trustees added to the rolling stock, sixteen new locomotives, nine new passenger, sleeping, mail and baggage cars, and one hundred and fifty-nine new freight cars. The expense of all this new equipment is charged under the head of repairs of locomotives and cars in the trust account. Large expenses were also incurred for repairs of stations and wharfs, building new engine houses, car shop and other buildings. It thus appears that in order to keep up the

road and property it became necessary to expend large sums upon the roadway and appurtenances, with the addition of new, and a renewal of the worn out rolling stock.

We annex to this report a statement of rolling stock on hand in September, 1862, taken from the trustees' report of that year. Of the cars then on hand, ninety-seven had gone out of existence in 1871.

The results as to earnings is shown in the following table, in which for your information the earnings from 1855 are included.

Earnings for year ending Jan. 1,	1855,	\$434,571.84
" " " "	1856,	412,381.90
" " " "	1857,	394,721.12
" " " "	1858,	353,799.51
" " " "	1859,	339,216.90
" " " "	1860,	343,391.63
" " " "	1861,	340,961.40
" " " "	1862,	300,641.87
" " " "	1863,	348,318.07
" " " "	1864,	455,264.36
Earnings from Sept. 1, 1863 to Sept. 1, 1864,		615,304.87
" " " 1864	1865,	735,237.60
" " " 1865	1866,	787,434.87
" " " 1866	1867,	823,786.94
" " " 1867	1868,	821,173.02
" " " 1868	1869,	871,143.84
" " " 1869 to Jan. 1, 1871,		1,202,185.58

We now turn to the evidence in our possession as to the condition of the road, during the last year of the trustees' administration. Owing to the accident at Mt. Holly in June 1870, and some misstatements made in the Press in regard thereto, we deemed it important that some competent authority should examine the condition of the track and structures. We therefore requested the Railroad Commissioner, in connection with Mr. Gilbert, an eminent Engineer, to inspect the road. After reporting upon the locality where the accident occurred, they say :

"The undersigned have made a careful examination of the condition of the road-bed and track throughout its entire length, and are warranted in saying that we find them, in all respects, a first-class road. And the civil engineer signing this article, takes pleasure in saying that he finds the condition of the road-bed from

Burlington to Rutland, a distance of 67 miles, in every respect equal to, and in as good and perfect condition as are the Hudson River and N. Y. Central roads—roads that are known and regarded as model roads in our country.

We also find the road from Rutland to Bellows Falls, a distance of 53 miles, in safe and good condition. The Company are now replacing some of the iron rails, and will soon place this part of the road in the same perfect condition as that part of the road from Rutland to Burlington.

It is evident that the condition of your entire road, previous to October freshet, would compare favorably with any of the first-class roads in the country. The points where the road received injury are now being repaired and placed in a permanent condition.

R. F. PARKER,

Railroad Commissioner of Vermont.

W. B. GILBERT,

Civil Engineer."

The position in which the trustees have been placed, has compelled them to thus present in as condensed a form as possible an account of their stewardship. Have the trustees done their duty fully to the interests committed to their care? Of this let the parties in interest and the public judge, and in their judgment we have confidence we can abide.

EDWIN A. BIRCHARD, } Trustees.
JOHN B. PAGE.

February 7th, 1872.

NOTE.—W. B. Gilbert, Esq. was the Chief Engineer in the construction of the Rutland & Burlington Railroad, but had had no connection with the road for about twenty years. In 1870 he was Engineer in charge of the construction of the New York and Oswego Midland Railroad.

FROM TRUSTEES REPORT FOR 1862.—STATEMENT OF LOCOMOTIVES.

STATEMENT OF THE EQUIPMENT OF THE ROAD SHOWING THE PRESENT CONDITION OF LOCOMOTIVES, AND THE NUMBER OF PASSENGER AND FREIGHT CARS:

NAME.	WHEN PURCHASED.	WHOSE MAKE.	TONNAGE.	CONDITION.
Rutland, -	June 11,	Taunton Locomotive Works,	18 Tons	Wants repairs.
Middlebury, -	" 25,	" "	18 "	Good condition to run.
Burlington, -	" 25,	" "	18 "	" "
Bellows Falls, -	" 25,	" "	18 "	" "
Vergennes, -	Sept. 12,	" "	20 "	In shop.
Cuttingsville, -	" 12,	*Ballard Vale,	17 "	Good condition to run.
Rockingham, -	" 12,	" "	17 "	" "
ML. Hoof, -	" 12,	Taunton Locomotive Works,	23 "	" "
Brandon, -	Jan. 7,	" "	20 "	" "
Chester, -	Feb. 28,	" "	18 "	" "
Pittsford, -	March 18,	" "	20 "	Wants repairs.
Charlotte, -	April 17,	" "	20 "	In shop.
Whiting, -	Nov. 22,	Hinkley & Drury,	14 1-2 ⁴	Good condition to run.
Ludlow, -	Dec. 28,	Taunton Locomotive Works,	18 "	" "
Clarendon, -	March 19,	" "	18 "	" "
Gen. Strong, -	Aug. 28,	" "	22 "	" "
Cavendish, -	Sept. 13,	" "	18 "	" "
New Haven, -	Oct. 14,	John Souther,	93 "	" "
N. Rice, -	Aug. 27,	Amoskeag Manufacturing Company,	25 "	" "
J. Howe, -	Sept. 30,	" "	25 "	" "
T. Follett, -	March 31,	" "	23 "	" "
Samuel Henshaw, -	Nov. 20,	" "	24 "	" "
Lake Dunmore, -	Oct. 4,	Boston Locomotive Works,	24 "	" "
Ethan Allen, -	"	" "	24 "	" "
Otter Creek, -	Dec. "	" "	24 "	" "
Wild Awake, -	"	" "	24 "	" "

26 Locomotives, 16 Passenger Cars, 2 Second Class Passenger Cars, 5 Baggage Cars, 2 Mail Cars, 380 Eight-wheel Box Cars, 101 Eight-wheel Platform Cars, 80 Eight-wheel Cattle Cars.

REPORT OF THE PRESIDENT.

It becomes necessary, in this report, to enter into the history of the corporation that the stockholders may understand clearly its position, and be able to make an estimate of the value of the property, at the same time to correct, as far as possible, the *erroneous* statements that have been put forth in regard to the executive officer of the company in the management of its affairs. When honor and integrity are called in question, may I not ask of you a candid hearing? My purpose will be to present to you facts, and leave you, in a great measure, to draw your own inferences. I shall not enter upon anything *personal*, in a business document. I had prepared a report for the annual meeting, and had I arrived in season, or the meeting been adjourned as I requested, so there could have been a fair understanding of the position of the corporation, it would have been very much for the interest of the stockholders. Now, my main purpose will be to try and regain the lost ground, and restore confidence.

The present position of affairs requires quite an enlargement of the original report, I had prepared the substance of which was briefly stated to the few stockholders who remained after the business of the meeting had been substantially completed, as appears from the official report of their proceedings.

For your information, you will find in the appendix a copy of the charter and an amendment thereto, also the by-laws, to which your attention is directed. Endeavor to fix in your mind the duties of the officers, and carefully consider the following, from the records of the company :

The company was organized at Rutland, on the 9th of July, 1867, by the choice of Edwin A. Birchard, John Howe, Jas. H. Williams, John B. Page, Peter Butler, Geo. B. Chase and Geo. M. Baruard as directors, by a unanimous vote of the stockholders. And the Board organized by the election of John B. Page, President ; J. M. Haven, Treasurer ; J. H. Williams, Clerk pro-tempore.

The directors proceeded to take steps to procure the conversion of

the first and second mortgage bonds into preferred and common stock, as authorized by the charter; with what success, is shown by the President's report to the Board of Directors and stockholders, presented at the first annual meeting after the organization, held at Rutland, 23d December, 1868. This report was as follows:

Preferred Stock issued, -----	\$1,804,400
Common " " -----	2,357,200
Total amount of Stock, -----	\$4,261,600
The Principal of the First Mortgage is -----	\$1,800,000
Of these bonds there has been converted into preferred stock, -----	997,800
Overdue interest on the same bonds, -----	806,600
Total, -----	\$1,894,400
The Principal of the Second Mortgage is -----	\$1,200,000
This mortgage has been foreclosed, and under the authority granted by the Legislature, this corpora- tion has been formed.	
Second Mortgage Bonds converted into common stock, -----	\$1,071,500
Interest and coupons on same, -----	1,010,700
In settlement of claims on road-bed and real estate, -----	275,000
Total amount common stock, -----	\$2,357,200
Dividends paid in February and August, 1868, of $3\frac{1}{2}$ per cent. each on preferred stock, -----	\$118,835.50
In settlement of claims on road-bed and real estate, including common stock at par, -----	\$317,500.00

After the reading of this report, the old Board was unanimously re-elected, with the exception of John Howe, who having declined, Lawrence Barnes was elected in his place.

The funds (\$118,835.50) for the payment of the dividends in February and August, 1868, were raised upon the notes of the company, endorsed by the directors, and by authority given by the Board, 31st January and 18th July, 1868, *all* the Board being present at *each* of said meetings, except John Howe. The vote *unanimously* adopted was as follows:

"That the President and Treasurer of this company be authorized to raise the necessary money to pay a dividend upon the guaranteed preferred stock, on February 1st, 1868, (and 1st August, 1868), and should any person or persons endorse the drafts or notes of this company for that purpose, such persons shall be entitled to all the rights of subrogation, benefits and securities growing out of such payment, as security for such endorsement."

At a meeting of the Board, held January 16th, 1869—present, *all* the directors—the same form of vote was *unanimously* passed in regard to the dividend payable February 1st, 1869. And the money was raised for payment of that dividend on the Treasurer's acceptances, endorsed by the directors. The amount of this dividend was \$63,451.50. The dividends due on preferred stock in August, 1869, and February, 1870, were, by vote of the Board *passed*, and remained unpaid until the subscription to the preferred stock in 1870, when they were adjusted and paid in that stock; and for this reason these dividends are now charged to coupons on first bonds. The next annual meeting was held at the office of the company, on the 30th day of December, 1869. The official record of that meeting is as follows:

"The President presented the *annual* report, and on motion of *Mr. Chase*, seconded by Mr. Spencer, the report was unanimously accepted, and five hundred copies of the same ordered printed, and a copy thereof sent to each stockholder." This vote was complied with. The following is the balance sheet presented on that occasion and printed:

RUTLAND RAILROAD COMPANY.

BALANCE SHEET, SEPTEMBER, 30, 1869.

	Cr.
Stock	\$3,000,000 00
do Preferred	1,831,400 00
Bills Payable	265,488 04
Balances of sundry accounts	76,340 21
	\$5,173,228 25

CONSTRUCTION ACCOUNT.

	Dr.
For First Mortgage Bonds.....	\$1,012,000 00
" Coupons and Interest.....	819,400 00
" Second Mortgage Bonds retired.....	1,083,000 00
" Coupons and Interest.....	1,022,300 00
" Real Estate, Docks and Cars.....	441,541 25
	\$4,381,741 25
Dividend Account.....	182,287 00
Common Stock to retire outstand- ing Second Mortgage Bonds	\$223,500 00
Common Stock on hand for other purposes	385,700 00
	\$609,200 00
	\$5,173,228 25

J. M. HAVEN, *Treasurer.*

September 30th, 1869.

August dividend 1869, due holders of preferred stock, ——— and tax.....	\$67,000 00
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OUTSTANDING UPON THE ROAD.

Rutland and Burlington, Second Bonds.....	\$117,000 00
Rutland and Burlington, First Bonds.....	\$788,000 00

The Stockholders proceeding to the election of Directors, the old Board received the unanimous vote, and were declared duly elected. The Board was organized as before.

The annual meeting for 1870 was called to be held on 29th December. Owing to the pending negotiations in reference to a lease of the property, the meeting was adjourned without transacting any business until the 26th day of January, 1871.

The record of this adjourned meeting is as follows :

“The meeting was called to order by the President ; the proceeding of the meeting of which this is an adjournment was read. The

President presented his *annual report*; on motion, the same was accepted, and ordered to be printed "

The following is the balance sheet then presented :

RUTLAND RAILROAD COMPANY.

BALANCE SHEET, DECEMBER 31, 1870.

CR.

Common Stock	\$2,700,000 00
do Preferred	3,685,700 00
Bills Payable.....	716,562 69
Equipment Bonds, 7 per cent.....	500,000 00
Balance of sundry accounts.....	104,621 19
	\$7,706,883 38

DR.

For First Mortgage Bonds, principal...	\$1,072,500 00
" Paid on decree to W. T. Hart, Trustee & Jno. S. Farlow, for committee	989,000 00
" Coupons First Bonds.....	1,148,018 97
" Interest paid First Bond account...	423,617 00
" Second Bond principal.....	1,104,200 00
" Coupons Second Bond.....	1,042,100 00
" For Construction account.....	815,000 00
" For Rolling Stock.....	325,200 08
" Interest and miscellaneous expenses,	117,283 44
" Common Stock on hand.....	268,700 00
" Real Estate.....	100,177 25
" Cash	301,027 14
	\$7,706,883 38

J. M. HAVEN, *Treasurer.*

OUTSTANDING.

First Mortgage Bonds.....	\$727,500
Second Mortgage Bonds.....	95,800

After ratifying the proceedings of the Directors, which will more fully appear hereafter, the Stockholders proceeded to the election of Directors, and the old Board were again re-elected, with the exception of Geo. M. Barnard, whose resignation having been accepted by the Board on 3d December, 1870, D. N. Skillings was elected to fill the vacancy.

This last report was not printed in pamphlet form, but was given to the press and appeared in the proceedings of the meeting, as published in the "Rutland Daily Herald" on the morning of January 27th, 1871.

At all the annual meetings after the organization, the President, in addition to presenting the reports of the condition of the corporation, gave to the stockholders *full* statements of the earnings and expenses of the road as operated by the trustees. It is not necessary to encumber this report with a repetition of these statements, as they are fully set forth in the settlements of the trust accounts. To give the stockholders the latest information, the accounts were closed October 1st, in each year, while in the settlement confirmed by the court the year closed August 31st. The books of the corporation are open to *any* stockholder that may desire to verify the foregoing reports.

Now I confidently submit this point to your judgment; has the President discharged his duty fully as required in the seventh by-law under the clause "he shall annually submit to the Directors and corporation, a report of the business and prospects of the corporation?"

We will now consider the action taken by the Board to relieve the corporation from the effect of the "Mandate for Decree,"* sent down by the Supreme Court of Vermont to the court of chancery in February, 1870.

At a meeting of the Directors held March 10th, 1870, present: all the Board. On motion it was voted, "That the President of the Corporation be authorized in his discretion to negotiate with the trustees and committee of the First Mortgage Bondholders for a settlement of the decree made at the last term of the Supreme Court in Rutland County, Vermont, and upon such terms as he may deem desirable."

* See Trustee's report for copy of this paper.

Under the authority thus conferred, a negotiation was opened and resulted in the following

"STIPULATION."

NEW YORK, MARCH 23, 1870.

CHEEVER AND HART, TRUSTEES, et al.

vs.

THE RUTLAND & BURLINGTON R. R. Co., et al.

In Chancery.

Rutland Co., Vt.

It is mutually stipulated by and between the said Cheever and Hart and J. S. Farlow, of the committee of first bondholders of the first part, and John B. Page on behalf of himself and the other defendants in said cause and the Rutland Railroad Company of the second part, as follows :

1. That the party of the first part now hold and control of the said first mortgage bonds, six hundred and forty-five thousand nine hundred dollars* in amount of principal thereof, including thirty thousand in possession of ——— Mixer ; fifteen thousand five hundred in possession of Southworth Shaw and nineteen thousand five hundred in possession of Peters & Gooch.

2. That, according to the late decision of the Supreme Court of Vermont in said case, there will be due on said bonds on April 1st, 1870, \$1,549 680, subject to such increase, if any, as payment in coin would produce, if payment in coin be demandable.

3. That the costs and proper expenses of the Crators in said suit and the matters connected therewith are settled at the sum of eighty-seven thousand six hundred dollars ; and for the difference between coin and currency payment, for the purpose of this adjustment, there is fixed the sum of one hundred and two thousand dollars.

4. That the party of the second part shall pay to the party of the first part for such costs, expenses and difference, the sum of one hundred and ninety thousand dollars on the 15th day of April, 1870.

5. That towards the satisfaction of said bonds and interest due thereon, the party of the second part shall pay to the party of the first part, four hundred thousand dollars, with interest at the rate of seven

* There was withdrawn from the Trustees and Committee after the stipulation was entered into \$15,500 of Bonds, leaving to be settled for with them \$630,200 only of First Bonds, without including interest.

per cent. from said April 1st, 1870, on the 15th day of May, 1870; and four hundred thousand dollars, with like interest at the like rate from said first day of April, on the 1st day of October, 1870, and four hundred thousand dollars, with like interest at the like rate, from said first day of April, on the first day of January, 1871, the balance of three hundred and forty-nine thousand six hundred and eighty dollars, with like interest at the like rate from said first day of April, 1871, and to be paid at the office of Cheever & Hart, trustees, in Boston, Mass., (No. 20, State street, at present.)

6. That if any of the constituents of the said party of the first part shall on or before June 1, 1870, be dissatisfied with the stipulation and withdraw their respective bonds from the said amount before stated, the said party of the second part shall be allowed a rebate for said difference in coin and currency payment at the rate of six and six-tenths per cent. on the amount so withdrawn, and shall not be required to pay said bonds under this stipulation.

7. That on the 1st day of June, 1870, the party of the first part will make a correct schedule of the number and amount of bonds not withdrawn as aforesaid, which list shall be furnished to the party of the second part and be the basis of such payment thereon as aforesaid.

8. That upon each of said payments on said bonds the sum shall be either endorsed or stamped thereon, or a receipt shall be given therefor on the back of said list.

9. When the last payment shall be so made upon said bonds the same shall be delivered up to the said party of the second part.

10. The various suits (except the one above entitled) existing against said Cheever & Hart and their associates, or any of them being, so far as recollected, *Spencer et al. v. Cheever & Hart et al.* and *Birchard & Page v. Cheever & Hart*, shall be discontinued without costs to either party, and all orders and decrees for costs now existing in any of the litigations on the subject or connected therewith, except as heretofore provided, shall be waived.

11. The party of the second part shall relieve and save harmless the party of the first part, and also said Farlow and his associates, from all liability upon and in respect to the Smalley contract,

(so-called) and from any claim by E. J. Phelps upon them or any of them, for fees, &c. in any of these matters, if any such claim exists.

12. The said Cheever & Hart shall release in legal form to the trustees of the second mortgage R. & B. R. R., the property in Burlington, Vt., now standing in the name of said Cheever and known as the Hotel and wharf property, on the payment of said last installment on said bonds.

13. So long as the foregoing stipulation shall be faithfully kept and performed by the party of the second part, severally, as before stated, the said party of the first part and the said Cheever & Hart, trustees, shall not take any steps under the late mandate of the Supreme Court of Vermont to obtain possession of the property therein referred to, but the said matter so far as they are concerned shall remain as it now stands in Court from term to term, and with the court between terms; and when and as soon as all such payments shall be made as aforesaid, the said Cheever & Hart will apply to said court for leave to resign their said trust and for the appointment of proper trustees in their stead, so as to be relieved from all further duties and responsibilities in the matter.

14. This stipulation being made for the mutual accommodation of some matters in said cause not yet settled, and for the convenience and advantage of the defendants in said cause and of the First Mortgage Bondholders, so far as they are known to and actually represented by the party of the first part, is not to have the effect to disturb the rights of other First Mortgage Bondholders than those represented as before stated, nor the rights of said defendants or the party of the second part as to them, but all such matters and rights are left to be prosecuted and defended as to the persons interested may be lawfully advised.

15. But if the party of the second part shall fail or omit to make payments aforesaid at the times respectively stated therefor, and to perform the other things by him to be performed, then, and on every such failure or omission, the said Cheever & Hart, trustees, shall be at liberty to take all the steps, and shall have all the rights and remedies provided in said mandate, or which otherwise might or would appertain to the trustees of said First Mortgage, if this stipu-

lation had never been made, and the same shall, in such case be in no wise resorted to to hinder, delay, alter or affect the rights of said First Mortgage trustees injuriously.

16. That the party of the second part may, if he choose so to do perform any of said matters for him to be performed at any earlier time than before stated, and when all shall be so performed, the parties of the first part shall proceed as is before provided in that case.

[Signed] W. T. HART, for himself.

JAMES CHEEVER, Trustee 1st Mortgage.

J. S. FARLOW, for himself

And associates of the Committee.

It will be observed that at the time the "stipulation" was entered into Cheever and Hart represented only \$645,700 of bonds. A large proportion of the balance of the \$1,800,000 of first bonds had been converted into preferred stock. The question that presented itself was : Shall the Directors permit the road to go under the decree on the 1st of June, 1871 ?

If the question was decided in the *affirmative* the position of the preferred stockholders was questionable, and the common stock of the company would have been of no value, neither would the first bondholders, represented by Cheever and Hart, have been paid until the money could be realized from the earning of the road.

The board, at the meeting of March 10th, 1870, also considered the question of raising the means to pay the outstanding first bonds, and adopted the following resolution :

Voted, That this company issue one million dollars preferred capital stock at par, for the purpose of raising means to pay first mortgage claims upon the property of this corporation ; and that the subscribers for said preferred stock be entitled to receive thirty per cent. of this subscription in the bonds of the company, having ten years to run, bearing interest at seven per cent. per annum, payable semi-annually, and free of United States tax, for such amount of said preferred stock as they may take or subscribe for.

The following form of subscription for raising means under the fore-

going resolution was presented to the Board by the President, and unanimously adopted. It was as follows:

WHEREAS, The Rutland Railroad Company, at a meeting duly called and held by the Directors of said company on the 10th day of March, 1870, unanimously adopted the following resolution, viz:

Resolved, That this company issue one million dollars preferred capital stock at par, for the purpose of raising means to pay first mortgage claims upon the property of this corporation; and that the subscribers for said preferred stock be entitled to thirty per cent. of their subscriptions in the bonds of the company, having ten years to run, bearing interest at seven per cent. per annum, payable semi-annually, free from United States tax, for such amount of said preferred stock as they may take or subscribe for.

Now in consideration of the premises, we, the undersigned do hereby severally agree, and with the said Rutland Railroad Company, to take, and we hereby severally subscribe for the number of shares of said preferred stock set opposite our respective names upon the terms expressed in said resolution, and we agree and promise the said company, each for himself, to pay the amount thereof to the Treasurer of said company, as follows: one-half on or before the tenth day of April, and one-half on or before the tenth day of May, A. D. 1870, the interest to be made up as of February 1st, 1870.

March 11th, 1870. The Directors assembled pursuant to adjournment, when, on motion, it was also

Voted, To issue preferred stock to the present holders of said stock sufficient to make the whole amount of preferred stock, at par, equal to the principal and interest as determined by the late decision of the Supreme Court of Vermont; Provided each holder of preferred stock subscribe and pay for one share of new stock for every four shares that he now holds.

The necessary votes were also passed authorizing the issue of \$500,000 of seven per cent. bonds.

A subscription list was opened under the authority thus given, and the stockholders apprised of the condition of affairs, as appears by the following circular, sent by mail to each stockholder:

"To the Preferred Stockholders of the Rutland Railroad Company :

As the Supreme Court of Vermont has allowed a higher rate of interest upon the first mortgage bonds of the Rutland and Burlington R. R. Company, than was anticipated at the time of the conversion of bonds into preferred stock of the Rutland Railroad Company, and the Directors of said company desire to do justice to all parties, and to provide for the removal of all incumbrances on the property of the company, and to settle all litigation ; they therefore propose that each holder of preferred stock who shall pay to the company before the tenth day of May next, an amount equal to one-fourth of the par value thereof, with interest from the first day of February last, shall receive,

1st. The amount of the principal so paid in preferred stock at par.

2nd. Thirty per cent. of said principal in seven per cent. bonds of the Rutland Railroad Company.

3d. An amount of preferred stock sufficient to make the whole amount of his preferred stock at par, equal to the principal and interest of the first mortgage bonds as determined by the late decision of the Supreme Court of Vermont.

Under this arrangement the whole amount of preferred stock, when all the outstanding first mortgage bonds shall have been converted will not exceed (\$4,300,000.) four million and three hundred thousand dollars. This represents one hundred and twenty miles of road, with its equipment, machine shops, wharfs, and station houses, all in good repair and condition. The equipment, fuel, and supplies could be sold for at least (\$1,200,000,)* twelve hundred thousand dollars, leaving about \$25,000 per mile for a road which is indispensable to the business on its line, and could not now be built for \$50,000 per mile.

The gross earnings for the past year, ending January 1st, 1870, were \$856,426.34, and but for the great freshet of October last would have been nearly \$100,000 more. It is believed that with additional equipment and under corporate management, the earnings can be increased to at least \$1,200,000 per annum, and that in a very few years they will reach \$1,500,000.

The option of the stockholders to take stock under this arrangement

*The appraisal at the *cash value* of these items under the lease to the Vermont Central and Vermont and Canada Managers will amount to nearly \$1,300,000.

will expire on the first of May next. Blanks will be forwarded in a few days, with statement of your stock, and payments to be made under this circular, and your early reply is requested.

JOHN B. PAGE,	} <i>Directors.</i>
GEO. M. BARNARD,	
GEO. B. CHASE.	
PETER BUTLER,	
E. A. BIRCHARD,	
LAWRENCE BARNES,	
JAS. H. WILLIAMS,	

Office of Rutland Railroad Company, Rutland Vt., April 13, 1870."

There was realized upon this subscription, up to December, 1870, \$1,374,900; there had been paid Cheever and Hart, under the "stipulation," \$989,000; and the payment due 1st of January, 1871, with the interest was \$421,000.

By the terms of the "stipulation" the final payment was to be made on the 1st day of April, 1871. Owing to the arrangements for the lease to the Vermont Central Managers, which was pending, it was found necessary to pay Cheever and Hart in full.* Arrangements to this end were made by Mr. Chase, in connection with the President, and on the 21st of January, 1871, there was paid \$327,586.88, which substantially fulfilled the stipulation on the part of the corporation; and thereupon Cheever and Hart, on application to the court, were permitted to resign their trust.

When the lease was under consideration the question arose about the ability to give possession should the same be consummated, and it was frankly conceded that the trustees in possession had the power to retain their position and lien upon the property, but they cordially united in carrying into effect the lease. The board were informed that it was impossible, except upon a careful inventory, to determine the condition of the trust accounts.

The opinion was expressed that upon realizing upon their assets their accounts would nearly balance. It was proper if the trustees gave up possession that they should be indemnified, and it is quite evident that if the trustees had had in their hands ample funds they would not have required any indemnity; therefore,

* In order to procure a modification of the pending injunction to permit a change of possession.

At a meeting of the Directors held in the office of the company, No. 13 Kilby Street, Boston, December 31st, 1870; present, John B. Page, Peter Butler, George B. Chase, E. A. Birchard, Lawrence Barnes and J. H. Williams, on motion it was unanimously voted, "That this Company issue one thousand shares of preferred, and one thousand shares of common capital stock, which shall be appropriated with the dividends thereon, as well as this company's share in the rent and proceeds of the notes and orders given for lease of Rutland Railroad and the personal property appertaining thereto in trust, and as a security, to be applied in payment of the outstanding liabilities of the second trustees operating and running the road, and for the purposes set forth in the decree of the court of chancery in the case of Cheever & Hart and others v. Rutland and Burlington Railroad Company and others, and in substitution for said road and property should said lease be perfected to the Managers of Vermont Central and Vermont and Canada Railroads, and that the treasurer be directed to transfer the claim thereto to said second trustees, but subject to the approval of the court of chancery, in which said cause is pending."

The stock provided for in this resolution has never been issued to the trustees.

This subject was brought before the *Stockholders* at the annual meeting held on the 26th of January, 1871, for their ratification, there being represented in said meeting 50,748 shares.

The following resolution was unanimously adopted at this meeting:

"WHEREAS at a meeting of the Directors of the Rutland Railroad, held December 31st, 1870, a vote was passed having in view the indemnity of the "second Trustees" against all outstanding liabilities incurred in the operating and running the Rutland & Burlington Railroad, and for the purposes set forth in the decree of the court of chancery in the case of Cheever and Hart and others v. the Rutland & Burlington Railroad Company, now, in furtherance of this vote, *Resolved*, That the stockholders of the Rutland Railroad hereby instruct and direct the Directors to give to the trustees of the Second Mortgage Bonds of the Rutland & Burlington Railroad, such security and bond of indemnity as shall hold said trustees harmless and free.

from all personal liability for any and every act pertaining to said trust.

The contracts and leases referred to in the foregoing votes, are given in full in the appendix, with all the papers relating thereto, and the attention of stockholders is directed to them. In this connection I give the principal votes authorizing their execution, etc.

At a meeting of the Directors of the Rutland Railroad Company, held at their office, No. 13 Kilby Street, Boston, December 31st, 1870.

It was unanimously voted, "That the President of this company be directed, and he is hereby authorized to execute in its name and behalf, a contract or lease of their Railroad and property, in connection with the other roads and lines, as well as to sell and transfer the supplies, fuel, lumber, contracts, and interests in said contracts named, to the Managers of the Vermont Central and Vermont and Canada Railroads, for the purposes expressed in said contract, and upon the terms therein stipulated, which contract is dated this 30th day of December, 1870; Provided, 1st, That this corporation at their adjourned annual meeting assent thereto, and the court of chancery of Vermont *by their order allow such transfer and sale* of the Rutland Railroad and its property appertaining thereto. 2nd, That the said party of the second part shall assume and perform the stipulations contained in said lease or leases referred to in said contract, except the rent reserved in each, which they the said party of the second part to said contract shall agree to pay to this company. 3d, That this company, or the said lessees in said leases to be assigned as provided in said contract, may have the right to determine said contract and re-enter upon said road and property if there be any neglect or default to make payment or payments within sixty days after the same becomes due and payable by virtue of said contract and orders, or shall fail to perform any of the stipulations therein contained. 4th, That said Managers of Vermont Central and Vermont and Canada Railroads shall be authorized by the court of chancery to make and enter into said contracts as aforesaid, and shall also be duly assented to and approved by the advisory committee of bondholders interested in said trust or trusts, and who were appointed by said court of chancery."

At a meeting of the board, held at Rutland on the 26th of January, 1871, after the annual meeting, present, all the board, on motion of Mr. Skillings it was voted, "That the President be authorized, and he is hereby authorized on the part of this company, to execute an assignment of the leases of certain railroads taken and now held by this company, to the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, the form of the assignments having been adopted by the stockholders in their meeting this day."

The stockholders took action upon this subject at the annual meeting, held January 26th, 1871, as follows:

D. N. Skillings, Esq., of Boston, Mass., offered the following resolution which was unanimously adopted:

Resolved, That this corporation hereby approves and in all respects ratifies, confirms and adopts the assignment of the lease of the Vermont Valley Railroad, dated January 23d, 1871, and authorized, by a vote of the Directors of this company, dated December 3d, 1870; the lease of that portion of the Vermont and Massachusetts Railroad lying between "Groun's Corner," in Massachusetts and Brattleboro, Vt., dated December 1st, 1870, and authorized, by a vote of the Directors of this corporation, dated December 3d, 1870 the; lease of the Montreal and Plattsburgh Railroad, dated the 23d of January, 1871, and authorized, by a vote of the Directors of this corporation, dated December 3d, 1870; the purchase of the stock of the Burlington Steamboat Company, authorized, by a vote of the Directors of this corporation, dated December 3d, 1870; the lease of that portion of the Whitehall and Plattsburgh Railroad lying between Ticonderoga, New York, and Port Henry, New York, dated the 26th of September, 1870, and authorized, by a vote of the Directors of this corporation, dated September 30th, 1870."

The contracts with and assignments to the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads were read by the President, and thereupon Peter Butler, Esq., of Boston, Mass., offered the following resolutions, which were unanimously adopted by a stock vote, 50,748 shares of the stock voting in favor of the resolutions:

Resolved, That this corporation hereby approves and in all respects

ratifies, confirms and adopts the contract executed by John B. Page, President, in the name and behalf of this corporation, to John G. Smith, Joseph Clark, Worthington C. Smith and Benjamin P. Cheney, Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, bearing date December 30th, 1870, and authorized by a vote of the Directors of this corporation, dated December 31st, 1870, and being the same now presented and read to this meeting, and also,

Resolved, That this corporation, in like manner, ratifies, approves and adopts the assignments and contracts made and entered into by the President, in behalf of this company, with the said Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, relating to the Montreal and Plattsburgh Railroad, the Vermont Valley Railroad, the steamer *Oakes Ames*, the Addison Railroad, both divisions of the Whitehall and Plattsburgh Railroad, and a part of the Vermont and Massachusetts Railroad, and all the property thereto belonging; and this corporation confirms the same in all particulars and respects."

Under the contract the lessees took possession on the 8th of February, 1871, all accounts in the running department being settled as of the 1st of January previous. The delay occurred first, from the illness of the President, who was confined to his house the first two weeks of January, upon whom the perfecting of the papers and the making of arrangements for the full payment of Cheever and Hart devolved.

Owing to some disagreement in the details, it became necessary to hold a directors meeting, which was called on 2d of February 1871 in Boston when differences were adjusted with the Lessees. That was the *only* business transacted at that meeting. From the time I was able to leave my house until the 8th February, matters connected with the lease, not only of the Rutland road but of all the other roads embraced in the contract, engrossed my whole time. When possession was changed, then followed the taking of inventories of all the property sold and transferred under the lease. The detail of these inventories was very large, and your interest required constant watchfulness: *First*, to see that all the property

was upon the inventories; and it was scattered on the line of the roads from Grout's Corner in Mass., to Canada line: *Second*, that the prices were fair and reasonable. The aggregate amount of all the inventories of the property sold was \$273,334.93. All the rolling stock, tools, and all the property of which the use was taken under the contract, including the superstructure of the road was also to be inventoried and appraised. For this purpose there was appointed, on the part of the Vermont Central Managers, John B. Winslow, Supt. of Boston & Lowell R. R.; and to represent the Rutland Road, John Mulligan, Supt. of the Conn. River R. R. Both these gentlemen were practical mechanics. They entered upon their duties at once, but have not yet made their report. I am informed that the same will be concluded very soon. There remaining some eight or ten cars that they have not seen. It was necessary to be with this committee, to give them information of the property to be inventoried and appraised.

The schedule of rolling stock delivered under the lease, as appraised by the committee as stated above, is annexed to this report. The full report of the committee will cover two hundred and fifteen pages, and will be open to the inspection of stockholders when concluded.

From the votes of the Directors and the Corporation, it will be apparent that the Rutland Railroad Company was about to assume and operate all the roads together with the steamer "Oakes Ames," mentioned in the contract on twelfth page of the Appendix. The effect of the policy of the managers had been to put the Rutland Road in a position to command the respect of its connections, and we were receiving a fair proportion of the increasing business of the country. The first step to secure this result was the control of the Vermont Valley Railroad in 1865.* The control of the Valley line added strength to the Rutland, and largely increased its business. In the management of the Valley road, (and the other roads afterward controlled to the same end) the accounts were kept distinct. The "Valley" was allowed only the same rates in divisions of joint business, as were the basis of settlements before the lease was executed. The next step was to secure under friendly control, a direct connec-

*see appendix page 31.

tion with the Ogdensburg and Grand Trunk Railroads. The Montreal & Plattsburg Railroad was bought by a party made up of large stockholders in the Rutland road.

The steamer "Onkes Ames" was built by the Burlington Steamboat Company, to make the connection from Burlington to Plattsburg, and under contract operated in connection with the road. This connection was perfected early in 1868, and by it we had a through line to Ogdensburg and Montreal, and were enabled to establish joint tariffs. We received all the freight that the boat could carry over the Lake. Cars were run upon the boat and thus transported to your road. Some months, as many as eleven hundred cars crossed the Lake on the "Ames." About this time the lease of the northern division of the Whitehall & Plattsburg Railroad was taken.* Negotiations were opened in connection with the Ogdensburg road to secure a connection by rail south from Plattsburg, crossing Lake Champlain at Ticonderoga, N. Y. An accurate survey was made of the line from Port Henry to Ausable (34 miles). The charter of the Addison road was procured and active measures taken to secure its construction. These arrangements were about perfected, when the present lessees of your property proposed terms to the Ogdensburg managers, so manifestly for their interest that they were accepted, and that road changed hands. As a consequence there was a sensible change in our business relations with that road. After a few months, taking a new point of departure, arrangements were entered into to perfect the Montreal line and connections with the "Grand Trunk" road. We found friendly aid in Canada and procured a charter for a few miles of road to enable our business to cross Victoria bridge. Parties in interest in Canada undertook the construction of that part in season for the opening of a through line. Again we set to work in the construction of the Addison road and secured the lease of the southern division of the Whitehall and Plattsburg road†—entered into negotiations to put under contract the road from Port Henry to Ausable, and had nearly perfected the arrangements for that purpose, as also for the lease of the branch of the Vermont & Massachusetts Railroad,‡

* See Appendix page 47.

† See Appendix page 54.

‡ See Appendix page 39.

when the negotiations opened that ended in the contract with the Vermont Central and Vermont & Canada Managers. It is plain to all who understand these facts that, but for the efforts in the directions here briefly alluded to, it is more than doubtful whether the possession and management of the Rutland road would have been any object to the present Lessees. It was evident, pending the negotiations, that they sought the control of *all* the property.

To a suggestion that the roads terminating at Plattsburgh might be left out of the contract, it was replied that the control of those roads was one of the inducements to pay the rent required for the Rutland road. It is believed that a larger rent could have been had from other parties for those roads. In all these arrangements the President had the efficient co operation of the Directors. This Policy of the managers had also the full approval of the Stockholders, as expressed in their votes at the annual meeting held on 26th January 1871.

CONDITION OF THE CORPORATION.

I now ask your attention to the present condition of the Company, and give my views as prepared for the annual meeting, so far as is now necessary in view of the action of that meeting. I shall correct the mistakes of the President *pro-tempore*, which he was led into in consequence of his own lack of knowledge of the affairs of the company. His connection with the corporation was of quite recent date. While there is no doubt that he intended to give an accurate statement, it was, to say the least, unfortunate that any attempt at a report was made.

The Treasurer's balance sheet on the eighth page of this report exhibits, as I believe, a correct transcript of the books on the 30th December 1871.

It appears from this statement that the company has outstanding

LIABILITIES OF THE CORPORATION.

For Bills payable.....	\$1,561,098.82
Rents due and unpaid.....	14,466.74
Total.....	<u>\$1,575,555.56</u>

RESOURCES.

Seven per cent bonds unsold.....	\$10,000.00
Burlington Steamboat Company.....	143,000.00

Due from Montreal & Plattsburg R. R.	14,486 89
“ “ wood contracts	10,000 00
Bonds and balance due on acc't.	8,300.00
Notes and acc't. in Treasurer's hand	17,000.00
Real estate, Bartonsville	1,500.00
“ “ Rutland	14,000.00
“ “ Bellows Falls	2,000 00
“ “ Middlebury	1,545.62
“ “ Burlington with the rent due	15,000.00
“ “ Burlington water front	30,000.00
Addison Railroad Company	181,183.90
Claims, which counsel advise as valid and collectable	110,000.00
Cash	1,817.12
Preferred Stock not sold	852,400.00
Rent from Jan. 1st to Feb. 1st, less interest on bonds	18,500 00
	\$1,430,733.54
Balance	\$144,722.14

To which must be added the Dividend due Preferred

Stockholders February 1st, 1872 145,166.00

Also such sums as may be paid for outstanding 1st bonds. It is believed very few of them will ever be presented. There are a few unsettled contingent claims against the company, but it is believed that they cannot exceed \$15,000.

The indebtedness is accounted for as follows, viz:

The amount found due the trustees on the Auditing, and settlement of their accounts	\$234,805.03
(this sum includes the “costs of the disasters of the flood of 1869.)	
Costs in the litigation with the first trustees, (not including the second trustees cost of \$93,134.70 paid and charged in their accounts as allowed)	106,525.59
Interest on monies paid Cheerer & Hart to 1st Feb. 1871, under the “Stipulation” for more time than given in the “mandate for decree”	88,412.53
Dividends paid on preferred stock by vote of Directors, (the funds for this purpose were raised on accept- ances of the Treasurer, <i>endorsed</i> by directors)	440,943.00

Burlington Steamboat Company.....	220,196.51
Wharfs and basin, built at Burlington (charged under real estate on balance sheet, deducting \$13,500 for real estate received from trustees second bonds).	113,075.87
Addison Railroad debt.	181,183.91
Interest account from July 1868 to December 30th 1871.....	159,846.59
First coupon on 7 per cent. bonds due November 1st 1870.....	17,500.00
Included in the resources, and not before given in this statement, for reduction of the liabilities.....	173,149.51
Damages paid and expenses of accident claims.....	28,415.50
Internal revenue tax on dividend &c.....	10,555.63
	\$1,774,609.67

ANALYSIS OF CONSTRUCTION ACCOUNT.

This account is charged with the 7 per cent bonds of May 1870 for	\$500,000.00
(These bonds were given as a <i>bonus</i> to subscri- bers for preferred stock at par)	
Also with what is known as the "Smalley contract" covering lands and right of way at Burlington, in settlement of which common stock was issued at par	315,000.00

ANALYSIS OF SALARIES AND MISCELLANEOUS EXPENSES.

The charges in this account cover the period from the organization of the Company in 1867 to 30th December 1871.

Expenses of Boston office.....	\$14,080.40
Allowances on contract to procure conversion of 1st bonds.....	67,000.00
Champlain Transportation Company contract.....	49,440.77
Legal services paid.....	18,925.59
Cheever & Hart, under "stipulation".....	186,733.33
Salaries of President, Treasurer and other officers, including incidental expenses.....	30,021.44
	366,201.53

ANALYSIS OF INTEREST ACCOUNT.

This covers all interest on loans from payment of first	
dividend in 1868 to 30th December 1871-----	\$159,846.59
Coupons paid on 7 per cent. bonds-----	52,500.00
“ “ “ 8 “ “ “ -----	20,000.00
	\$232,346.59

Nearly two hundred thousand dollars of the increased liabilities of the company is owing to the carrying out of the provisions of the contract* with the Vermont Central Managers in regard to the Addison Railroad, which contract had been ratified and confirmed by the stockholders, as appears from the votes heretofore given. The Addison Railroad and its connection with the Whitehall & Plattsburgh Railroad will cost five hundred thousand dollars. A contract to gravel up this road, not yet completed, is its only known liability, except that to the Rutland Railroad Company, and one for a portion of the iron, for which payment is to be made in freight earnings, on the freight sent over the roads to Boston by the party furnishing the iron. The roads to whom these earnings may be due have agreed to take Addison Railroad stock at par in payment.

The equipment account is made up, of the balance transferred from second trustees as due them on settlement, and the sums paid for new equipment under the following and other votes. At a meeting of the directors on 25th May 1870, present, the President, with Messrs. Barnard, Butler, Chase and Birchard it was

Voted, "That the President be authorized to make a contract for not exceeding three hundred freight cars, and report to the next meeting."

Under this vote, and others, the corporation purchased three locomotives, three passenger, and three hundred and eighty-nine freight cars, all of which were turned over to the Lessees, with all the other equipment except one car, which is valued at \$5,000.

In payment for this equipment the 8 per cent. bonds of 1870 were authorized and issued, being secured on the equipment of the road.

The authority for the issue of preferred stock is found in the charter,† under the authority there given the stockholders.

* See Appendix, page 13.

† See Sec. 8, page 4, Appendix

At the annual meeting in 1867, it was voted by the stockholders as follows, viz. :

“ Resolved, That for the purpose of satisfying, paying, purchasing or exchanging the prior claims or encumbrances or interests in the Rutland & Burlington Railroad Company, that this company issue to the holders of such claims, certificates of preferred stock of this company, in shares of one hundred dollars each, equal in amount to the principal and interest on such claims encumbrances or interests up to August 1st, 1867, agreeably to the act of the Legislature incorporating this company, securing to the holders of such stock, dividends upon the par value thereof, of three and one-half per cent., free of United States tax, payable semi-annually, on the first days of February and August in each year, commencing on the 1st day of February, A. D. 1868.”

And at the annual meeting in December, 1869, on motion, the stockholders voted “ that the President, with the approval of a majority of the directors, be authorized to settle and pay any claim existing against the corporation, on such terms of settlement and price for stock, as he may deem for the interest of the corporation.”

In addition to the votes in regard to the issue of preferred stock heretofore given, at a meeting of the directors held on the 21st June, 1870, all the Board being present, it was voted “ That the President, with Mr. Chase and Mr. Barnard, be a committee authorized to negotiate a sufficient amount of preferred stock of this corporation to cancel the amount due William T. Hart for first mortgage bonds of the Rutland & Burlington Railroad, and that the same committee be authorized to settle with Mr. Nickerson for fifteen thousand dollars of bonds, supposed to be lost.”

Under these votes, the officers of the company certainly had the right to consider as assets preferred stock that it was authorized to issue to discharge prior claims or incumbrances upon the road and property.

To confirm my own opinion on this point, formed upon careful examination, I asked last October the written opinion of the counsel of the corporation, (which will be found on page fifty-nine of the appendix). I think it must be apparent, on examination of the charter, that the opinion is well founded.

The following is a list of the prior claims and incumbrances upon the property :

1st. The liabilities of the second trustees on settlement of account,-----	\$234,905 03
2d. The first bonds, the principal and interest of same, under decision of court,-----	\$4,273,420.00
3d. Costs paid Cheever & Hart in the settlement of first bonds,-----	87,600.00
4th. Interest on the deferred payments under the "stipulation" to 1st February, 1871,-----	88,412.53
5th. Interest or dividends, paid in cash, on the preferred stock and bonds and for which the company obligations are outstanding,-----	440,943.00
Aggregate of stock that may be issued,-----	<u>\$5,130,280.56</u>

On the 14th of October last, at a meeting of the Directors, all being present but Mr. Williams, the condition of the corporation was discussed, and detailed statements of the assets and liabilities at that time were laid before the board, as fully as they are presented in this report. To set at rest any doubts, the board, confirming former votes, authorized the issue of preferred stock to the amount of five millions of dollars, a sum less than it was believed they were authorized to issue to cancel prior claims, and at the same time it was determined to keep the common stock at two millions and five hundred thousand dollars.

It will be seen by reference to article fifth of contract, (on page nine of appendix,) that the rents to be paid are,

First, one payment annually of \$376,000 ; the first year having been paid there remains nineteen years ; the aggregate is \$7,144,000

Second, one payment on 1st January, 1873-----	40,500
" " " January, 1874-----	54,000
" " " July, 1874-----	40,500
" " " January, 1875-----	40,500
" " " July, 1875-----	67,500
" " " January, 1876-----	67,500
" " " July, 1876-----	81,000
" " " January, 1877-----	81,000
" " " July, 1877-----	81,000

Second, one payment on 1st January, 1878-----	81,000
“ “ “ “ July, 1878-----	81,000
“ “ “ “ January, 1879-----	81,000
And thereafter at the rate of \$94,500 semi-annually for twelve years; the aggregate is-----	2,268,000
Third, on the fourteenth page of appendix further pro- vision is made in the contracts for the payment of \$10,000 annually for the use of the steamer “Oakes Ames:” aggregate-----	190,000
	<u>\$10,398,500</u>
Deduct for payment, First, dividends on \$5,000,000 preferred stock, 7 per cent. per annum is -----	\$250,000
Second, coupons on \$500,000, 7 per cent. bonds is	35,000
Third, coupons on \$500,000, 8 per cent. bonds	40,000
	<u>\$425,000</u>
Aggregate for nineteen years-----	\$8,075,000
Leaving the sum of-----	<u>\$2,323,500</u>

Two millions three hundred and twenty-three thousand five hundred dollars for payment of any existing liabilities, and dividends on the common stock. In the worst light in which the affairs of the corporation can be placed, there must be left a large sum to be appropriated to dividends upon the common stock. The rent or income of the road is not appropriated by the terms of the leases to the payment of dividends, on either preferred or common stock. Its application is governed by the charter.

In view of this condition of affairs my policy was to continue the payment of dividends in cash, on the preferred stock of the company, and to adopt a plan to this end. With the sanction of the stockholders it could have been carried out, thereby maintaining and improving the credit of the company, not by a sort of forced loan from the preferred stockholders, but by raising the means upon the capital stock of the corporation as contemplated by the charter, much of its property not being represented by its stock. I believe that upon a full understanding of and looking at the case as a matter of business, all would have been convinced that it would be for their interest to ac-

comply with this end. As the case now stands, the bonds that have been authorized cannot be sold at par, while the present seven per cent. bonds, amply secured by mortgage, sell for eighty-one or thereabouts. Your treasury will be depleted by high rates of interest and commissions. In a financial revulsion, such as has occurred within a few years, there is danger that the company may lose control of its bonds at prevailing low rates, and that there may yet remain a floating debt. Now that we have got at our condition, let us take such a course as will make the future sure. Then, ere long, your preferred stock will sell in the market at its value, as a seven per cent. investment. To prove my confidence in this policy, provided it could have been carried out, I wrote last October to one of the directors, that I would take one thousand shares of preferred stock towards retiring the paper of the company from State street or elsewhere. It would manifestly have been for my interest to have taken this stock at par. The loss to me, in the recent decline of stock which I own of the company, has more than used up the margin between the price at par and the present price in the market.

We are told we should learn wisdom by the past. Let me illustrate by one of the incidents in the history of your company. In the fall of 1868, a settlement was attempted of all the pending litigation, and was so far consummated as to be reduced to writing. This paper I have included in the appendix on page sixty. When the parties to that contract separated it was supposed that peace was at last declared; that large expenses would be stopped, and all the energies of the managers given to the development of your property. It was necessary to secure the cordial co-operation of the directors in order to carry out this agreement. This was found impossible, owing to the influence of interested parties, and I was obliged to notify Mr. Farlow, chairman of the first bondholders' committee, to that effect. In reply I received the following letter:

BOSTON, December 17th, 1868.

Hon. John B. Page, Rutland, Vermont.

DEAR SIR,—Your favor dated at Rutland the 12th, but mailed at Boston the 16th inst., reached me last evening. I take due notice of what you say, that "after due consideration by the parties acting with you, and under the advice of counsel, you now withdraw from further negotiation for a settlement of the pending litigation between the bondholders of the Rutland and Burlington Railroad."

I quite agree with you in the belief you express that an early equitable settlement would promote the interests of all parties, and I think it will be cause for regret that you were unable to secure the sanction and necessary vote of your directors to the equitable terms arranged between yourself, Judge Prout and Mr. Edmunds, and accepted by me in behalf of those I represent.

Regretting individually that we have had so much labor negotiating in vain, I remain,

Very truly yours,

J. S. FARLOW.

Upon examination of the arrangement above referred to, it will be seen that the first bonds were to be paid for at the rate of one hundred eighty-nine dollars and twenty-five cents for each one hundred dollars of principal of bonds, as of October 31st, 1868. Adding the interest to first February, 1870, on the same basis, would give one hundred ninety-eight dollars for each one hundred dollars of principal of bonds; the maximum amount to be paid for being four hundred and fifty thousand dollars of principal of the bonds. Under the "mandate for decree" there was paid two hundred thirty-seven dollars and sixty nine cents, as of first day of February, 1870, and the amount of bonds then was six hundred and forty-five thousand nine hundred dollars, represented by Cheever & Hart. It will be noticed by the vote already given (see page 37) that, on account of the additional allowance under the opinion of the court for *interest upon interest semi-annually*, additional preferred stock was issued to all who had converted their bonds, to an amount equal to the sum due on each bond under the "mandate for decree." The result was, that the preferred capital stock was *increased* over what it would have been under the said agreement in the sum of

\$714,400 00

To raise the money upon the preferred stock <i>at par</i> to discharge the "decree of court," the subscribers for that stock were given 7 per cent. bonds as a <i>bonus</i> . There are outstanding-----	500,000 00
The dividend and interest accounts have been increased by payment on this stock and bonds, to first February, 1872-----	170,616 00
Additional costs, including amount paid Cheever & Hart, under the third provision of the "stipulation" on page 33, with interest to February first, 1872.	146,000 00

\$1,530,416 00

Here we have an increase of capital and debt of one million five hundred thirty thousand four hundred and sixteen dollars. Well might Mr. Farlow say, "I think it will be cause for regret that you were unable to secure the sanction and necessary vote of your directors to the equitable terms arranged between yourself, Judge Prout and Mr. Edmunds, and accepted by me in behalf of those I represent." Further comment is unnecessary.

There is one other subject and the last to which I shall direct your attention, and that is to the pamphlet entitled,

"RUTLAND RAILROAD SECURITIES."

Issued under date of March 1st, 1871, and signed "for the Board of Directors," by Mr. Chase and myself.

At a meeting of the Board of Directors held at Rutland on the 26th day of January, 1871; present, all the Board, Mr. Chase drafted the following resolution, and on his request it was presented by Mr. Williams, and it was voted: "That the President and Mr. Chase be a committee to draw up a report of this company for the past year, and to embrace in said report, as far as practicable, a history of the rise and progress of the same and its leased connections, up to the period of its lease to the managers of the Vermont Central and Vermont and Canada Railroads. The report to contain full tables of the rolling stock of the company, and in appendix, copy of the leases and other documents connected therewith."

It has been impossible until the present time to present the report contemplated in the preceding vote. Soon after the adjournment of that meeting Mr. Chase was furnished with an extract from the lease, which was correct as to the amount of rent to be paid, but the "memorandum" explaining "Article V" is no part of the lease, and it was an error of the printer to include that in quotation marks. It will be seen from what has been set forth in this report in regard to the duties devolving upon your President during all the early months of the year, that it was an impossibility for him to give any time to the preparation of a report, and I was averse to making any statement until a full and accurate report could be prepared. I found when I was in Boston, after the directors meeting referred to, that

Mr. Chase had prepared the statement entitled "Rutland Railroad Securities," which he submitted to me. The language is all his own, with the exception of a few corrections made by me when I authorized my name to be affixed. After the statements were in print I observed several expressions that I should have modified if I had noticed them when I read the statement before it was printed. But as to the clause in regard to the assets and liabilities of the company upon which *comment* has been made quite freely since the last annual meeting, because I was not at hand to explain, it has nearly unmanned Mr. Chase and caused him to put himself in a false position to myself and the company, greatly to the injury of both. If that statement was believed to be true when it was made, we should be absolved from all intension of misrepresentation. Neither of us had any motive to misrepresent the condition of the company, our interest being in its common stock, upon which we could not receive any income until all liabilities and dividends upon the preferred stock were paid. But what was the then condition of the company? Full statements, not only of the condition of the corporation, but also of the trustees' accounts in the running of the road, had been prepared and presented to the stockholders' meeting, held on the 26th of January, preceding. Upon these statements I formed my opinion, and I have not to this day seen any reason why that opinion was not correct, according to the knowledge then in my possession. Let us now review the ground of that conviction.

We were under the belief at the time, as has been heretofore expressed, that the assets in the trustees' possession would take care of the trustees' liabilities. We therefore estimated the assets and liabilities of the corporation. The balance sheet used for this purpose may be found on page thirty-one of this report.

It will be seen that the bills payable, less cash on hand were	\$415,535 55
There was due Cheever & Hart under the "Stipulation," and payable Jan. 1st with interest,	421,000 00
Also due them on 1st April, 1871, but paid in advance on 23d January, 1871,	327,586 88
To provide for first bonds outstanding, other than those held by Cheever & Hart,	150,000 00
Dividends 1st February, 1871, less the rent for month January,	117,258 00
	<u>\$1,431,380 43</u>

It was understood in March, 1871; that the directors might under the vote, to be found on page thirty-six of this report, "issue one million dollars preferred capital stock at par, for the purpose of raising means to pay first mortgage claims upon the property of this corporation," especially in view of the vote on page fifty, "That the President, with Mr. Chace and Mr. Barnard, be a committee authorized to negotiate a sufficient amount of preferred stock of the corporation to cancel the amount due William T. Hart for first mortgage bonds," &c. This last vote was passed *after* the payment was made under the *fourth* article (see page 33) in the "stipulation." The funds for that payment had been raised under the vote first referred to above. It was therefore supposed if we should find it necessary we had the authority to issue preferred stock to pay the principal, interest and *costs* agreed upon under the "stipulation." Including the principal, interest and *costs* paid first trustees, and the stock issued for bonds converted and to be converted,

The preferred stock would amount to	\$4,500,000	
There was outstanding.....	3,685,700	
Balance on hand to be sold.....		\$914,300 00
The issue of 8 per cent. bonds for new equipments was not sold when the balance sheet was made up; on hand.....		500,000 00
The balance of the common stock on hand was.....	268,700 00	
		\$1,683,000 00

Now, in view of this showing, and bearing in mind that the common stock was at the time in demand at forty-five, with a very reasonable prospect of appreciating in price, I confidently submit the question if we were not justified in the opinion that "the proceeds of the supplies on hand January 1st, 1871, which are taken by the lessees at their appraised value, *and other assets*, will be more than sufficient to meet all liabilities of the company." It is very reasonable to inquire why there was so different a result in closing up the affairs of the company? We found, both in the trust and corporation, that in closing up and making a *final* settlement there was presented a large number of claims of which in March 1871, we had not the least conception. Our position was like an estate, where the testator had left a list of certain law suits pending against him,

with a note at the foot of the list to the purport that five hundred dollars would pay all he owed his lawyers. In the settlement of that class of claims presented against the estate it required nearly ten thousand dollars.

The road had been in litigation for years, and all connected with the management felt the importance of freeing it from all disputable questions, though the board all felt when they voted to allow and settle certain claims, that they were unreasonable and ought not to be paid. But we were threatened with more litigation, which it was deemed good policy to avoid and to make the best terms of settlement possible.

On the settlement of the trust accounts we have seen

that they left a debt of_____	\$234,806 03
There has been allowed and settled since March 1st, 1871, of the class of claims indicated, including interest account, over_____	400,000 00
	\$634,806 03

If, under these circumstances, Mr. Chase and myself are to be cast out as unclean, we must try and be as happy as possible outside the walls of the city.

The common stock being held at \$2,500,000, the other assets being converted and applied in payment of liabilities, and provision being made for realizing from the preferred stock, already authorized to be issued up to five millions of dollars, the future dividends upon the preferred stock would have been placed beyond contingency. It is possible it may be preferred to provide for the amount required to meet the liabilities by an issue of bonds. In either event the stockholders must govern, and their decision cannot be other than to promote the best interests of the corporation.

The trustees state that the total value of road and property in 1862 did not exceed one million and five hundred thousand dollars, and the then market value of securities of the road was eight hundred and thirty-four thousand dollars. The road was taken by the trustees, as appears by the evidence produced, in a worn-out condition in all its departments. After seven years of efforts, amid many discouragements, it was turned over to the present lessees; in good order, with additions to its shops, engine houses, wharves and station accommodations, and

with a large increase in its rolling stock ; at a rental that after a few years will pay an income on *all* its stock and bonds, and to an amount of at least eight millions of dollars. In the spring of 1871, these stocks and securities of your road were selling in the market at a price that upon the whole would realize over six million dollars. One who has been in a position to understand what has been done, has asserted "That no such financial success had been wrought out of such financial ruin in all New England."

Desiring to do justice to all parties, and at the request of the President *pro-tempore*, I add that he had been connected with the corporation as a director but a short time comparatively, and was not acquainted with its past history ; and especially that he would not have made the allusions he did in his report, as to the legacy of the trustees, if he had not relied upon a mere abstract of the Treasurer's report.

I have thus given a plain, unexaggerated statement of the management of the company and its results, as shown in its present condition ; and have also indicated the policy I thought it wise to adopt with reference to its outstanding liabilities. I may be pardoned for saying here in conclusion, in view of what has been said and done, that throughout and from the time I became connected with the road, either as trustee or director, I have faithfully discharged my duty and done as I thought your interests demanded—with what success this report shows ; and I submit, in view of the fact that annual reports were regularly made and of the foregoing votes of directors and stockholders ; that it is not true that there has been any concealment of the debt or its amount ; that it is not true that its amount over and above assets has been misrepresented ; nor is it true that the second trustees have turned over to the corporation a debt exceeding the amount above stated. This report has been submitted to the directors and also the advisory committee, and with their approval is now laid before the stockholders.

JOHN B. PAGE,
President.

February 22d, 1872.

BOSTON, MASS., February 22d, 1872.

The advisory committee appointed by the stockholders at the last annual meeting hereby certify that they have examined the balance sheet on page eight of this report, and find the balances correctly stated as appears by the books of the company.

EDWARD BLAKE,
A. W. SPENCER,
JACOB EDWARDS.

NOTICE.

RUTLAND RAILROAD.

A special meeting of the stockholders of the Rutland Railroad Company will be held at the office of the Company, Rutland, Vt., on the 13th day of March, A. D. 1872, at 3 o'clock p. m., to see if the stockholders will modify or rescind the vote passed at the annual meeting on 30th January last, authorizing the issue of not exceeding twelve hundred thousand dollars of bonds, and also to hear the report of the advisory committee appointed at said annual meeting, and in connection with the official reports that have been laid before the stockholders, take such action as the interests of the corporation require.

JOHN B. PAGE,
President.

Rutland, February 23d, 1872.

NOTE.—Arrangements will be made that stockholders may pass *free* to Rutland and return. A personal attendance is quite desirable as far as it is practicable. Passes will be furnished at the transfer office in Boston on and after 10th March.

STATEMENT OF LOCOMOTIVES—WITH VALUATION AFFIXED BY APPRAISERS UNDER THE LEASE.

NAME.	WHEN BUILT.	BY WHOM BUILT.		WEIGHT.	REMARKS.	VALUE.
1. Burlington,	June, 1849.	Taunton Locomotive Manfg. Co.	"	50,400 lbs.	Rebuilt at Rutland R. R. Shops, Oct. [1865]	\$5,000
2. Charlotte,	April, 1849,	"	"	48,400 "	"	3,000
3. Vergennes,	September, 1849,	"	"	51,000 "	Rebuilt at Rutland R. R. Shops, 1863.	5,500
4. New Haven,	October, 1851,	John Souther,	"	50,050 "	New Inside Fire Box, 1863.	4,000
5. Middlebury,	October, 1855,	L. B. Tyng,	"	54,860 "	Rebuilt at Rutland R. R. Shops, 1870.	7,000
6. Beneside,	March, 1867,	Taunton Locomotive Manfg. Co.	"	45,300 "	"	6,000
7. Brandon,	January, 1850,	"	"	50,060 "	Rebuilt at Rutland R. R. Shops, 1896.	7,000
8. Pittsford,	March, 1850,	"	"	50,500 "	"	4,500
10. Claremont,	March, 1861,	"	"	46,340 "	"	4,500
11. Gov Page,	November, 1868,	"	"	59,200 "	"	10,000
12. Mt. Holly,	September, 1849,	"	"	57,840 "	Rebuilt at Rutland R. R. Shop, 1866.	7,750
13. Ludlow,	December, 1850,	"	"	48,600 "	New Inside Fire Box, 1863.	4,500
14. Cavendish,	September, 1851,	"	"	49,000 "	"	4,500
15. Chester,	June, 1868,	Rutland R. R. Shops,	"	52,800 "	"	10,000
16. Moosalamoo,	December, 1868,	Taunton Locomotive Manfg. Co.	"	59,300 "	"	7,500
17. Bellows' Falls,	June, 1849,	"	"	50,500 "	"	10,000
18. Otter Creek,	December, 1856,	Hinckley,	"	54,700 "	Rebuilt at Rutland R. R. Shops, 1865.	8,000
19. Pica,	December, 1855,	Hinckley,	"	56,450 "	Rebuilding Jan. 1st, 1872.	8,500
20. Gen. Strong,	August, 1851,	Taunton Locomotive Manfg. Co.	"	52,300 "	Rebuilt at Rutland R. R. Shops, Dec. [1860]	5,000
21. E. A. Birchard,	December, 1864,	"	"	57,300 "	"	8,000
22. H. E. Chamberlain,	July, 1869,	Rutland R. R. Shops,	"	54,550 "	"	8,500
23. Col. Merrill,	November, 1866,	"	"	56,100 "	"	9,000
24. N. L. Davis,	December, 1868,	"	"	62,000 "	"	9,500
25. Danmore,	October, 1854,	Hinckley,	"	56,400 "	Rebuilt at Rutland R. R. Shops, Nov. [1868]	7,500
26. Ethan Allen,	October, 1854,	"	"	55,300 "	"	4,500
27. Killington,	January, 1865,	Taunton Locomotive Manfg. Co.	"	57,400 "	"	8,000
28. Addison,	February, 1865,	"	"	57,400 "	"	8,000
29. Gov. Underwood,	May, 1865,	"	"	58,450 "	"	8,000
30. Peter Butler,	November, 1869,	"	"	60,000 "	"	10,500
31. John Simonds,	December, 1869,	"	"	60,800 "	"	10,250
32. J. M. Haven,	September, 1870,	Rutland R. R. Shops,	"	64,700 "	"	11,000
33. Geo. B. Chase,	September, 1870,	Taunton Locomotive Manfg. Co.	"	60,300 "	"	10,750
34. James H. Williams,	October, 1870,	"	"	60,100 "	"	11,250
35. Lawrence Barnes,	October, 1870,	"	"	62,650 "	"	11,250

NUMBER OF CARS TURNED OVER TO VERMONT CENTRAL MANAGERS
UNDER THE LEASE.

20 Passenger Cars, 2 Sleeping Cars, 2 Smoking Cars, 4 Smoking and Mail Cars, 7 Baggage Cars, 1004 Freight Cars, 5 Freight Saloon Cars, 1 Drivers' Saloon, 2 Wreck Cars, 1 Derrick Car, 1 Caboose Car, 1 Snow Plow Car, 4 Wood Train Boarding Cars.

NOTE.—The valuation of Cars, Tools, Machinery, Furniture and Fixtures, with Locomotives, will not vary much from (\$1,000,000) one million dollars. The appraisal of cars not being completed, the exact amount cannot be stated. The appraisal of Locomotives as per table, is exclusive of the Headlights, Snow Plows or extra tools, etc., placed upon them after purchase. The valuation of these articles is about \$207 to each Locomotive.

ERRATA.

REPORT.

On page 13, for "purchasing care," in 17th line from top, read "purchasing cars."

On page 20th, for "warranted is," in 22d line from top, read "warranted in."

In the haste in which this Report has been put through the press, there are a number of typographical errors, but it is believed they will be apparent to the reader, without correction.

APPENDIX.

On page 19, fourteenth line from bottom, for "S. T. Duna," read "S. T. DANA, and sixteenth line from bottom, for "Jacob Edmunds," read "JACOB EDWARDS."

On page 23, for "36th Dec.," read "30th Dec."

On page 24, for "control of new Trustees and Managers," read "control of said Trustees and Managers."

On page 25, sixth line from top, for "increased," read "incurred."

APPENDIX.

APPENDIX.

AN ACT TO INCORPORATE THE RUTLAND RAILROAD COMPANY.

It is hereby enacted by the General Assembly of the State of Vermont:

SEC. 1. John B. Page, Edwin A. Birchard, Peter Butler, John B. Taft, James S. Whitney, Aaron B. Spencer, Frederick Chaffee, and John S. Eldridge, bondholders under the second mortgage or deed of trust on the Rutland and Burlington Railroad, in the State of Vermont, their associates and successors, are hereby incorporated under the name of the Rutland Railroad Company, for the purpose of holding, maintaining and operating the said Railroad, and as such shall have succession, and be entitled to all the rights and privileges of a corporation.

SEC. 2. The Capital Stock of said Corporation shall be three millions of dollars, divided into shares of one hundred dollars each; and every holder of a bond secured by said second deed of trust or mortgage on said Rutland and Burlington Railroad shall be entitled to surrender the same to said corporation, and to receive in lieu thereof, one share of Capital Stock on each hundred dollars of principal and interest due on such bond.

SEC. 3. This act shall not take effect to incorporate said Company, unless the holders of three fourths in amount of the bonds issued under said second mortgage, shall within four months after the passage of this act, surrender their bonds as hereinafter provided.

SEC. 4. John Prout and John Howe, Jr., are hereby appointed Commissioners, whose duty it shall be to give public notice in one newspaper published in the city of Boston, and one newspaper published in each county through which such road runs for three weeks successively, of the time and place when and where they will sit to receive subscriptions for the stock of said corporation in exchange for the bonds afore mentioned: and the books for such subscription shall remain open at least ten days after the last publication of such notice. And said Commissioners shall, at the time and place appointed, proceed to receive such subscriptions, and to receive the bonds in exchange therefor; and no such subscriptions shall be received for a greater sum than the amount due, as herein provided upon bonds under said second mortgage, actually deposited by the subscriber at the time of his subscription with said Commissioners; and if the holders of three fourths in amount of said bonds do not subscribe

for such stock in exchange therefor, then said Commissioners shall return to each subscriber the bonds so by him deposited.

SEC. 5. When the holders of three fourths in amount of such bonds shall have subscribed for such capital stock in exchange for said bonds, in the manner herein provided, said Commissioners shall certify the fact under their hands and seals, and cause such certificate to be recorded in the office of the Secretary of State; and said Commissioners shall then call the first meeting of said stockholders for the organization of said Company, to be holden at Rutland on some day, by said Commissioners to be designated; and ten days notice shall be given by said Commissioners, of the time and place of said meeting, to each of said stockholders personally, or by mail, properly directed and postpaid.

SEC. 6. The officers of said corporation, who shall be chosen at said first meeting, shall be not less than five nor more than nine directors; and said directors shall elect one of their number as President, and shall appoint a Treasurer and Clerk; and all said officers shall hold office for one year, and until others are duly elected or appointed in their stead.

SEC. 7. When said corporation shall have been duly formed and organized under the provisions of this Act, it shall become vested with all the powers, rights, privileges, and franchises, for maintaining and operating said railroad, which were vested in and enjoyed by said Rutland and Burlington Railroad Company, and it shall be subject to like duties and liabilities; and shall likewise succeed to, hold and enjoy all rights, benefits, title and advantage, derived or to be derived by the trustees of said second mortgage or deed of trust, under any decree of foreclosure of the same, or of sale of said road and mortgaged property; and all rights, title and interest acquired by said trustees under any such foreclosure or sale shall vest in said Corporation, and said Corporation may at once take possession of and maintain and operate said railroad, subject to all existing rights of other parties, and may proceed in any manner it may deem expedient, either by purchase or otherwise, to obtain the title and ownership or the use and benefit of the whole estate; and to satisfy the interests or claims, undivided or otherwise, of any other party or parties interested in said railroad, or any part thereof; and until the interests of such other parties shall become vested in such new corporation, said corporation shall be the trustees thereof, and shall be accountable therefor as such.

SEC. 8. Said corporation shall be authorized upon vote of their directors, to issue a preferred or guaranteed stock, for the purpose of satisfying, paying or purchasing prior claims or encumbrance, upon, or interests in said road and property, and not exceeding in amount the amount justly due upon said prior claims or incumbrances; and such stock may be exchanged for such prior claims or incumbrances, upon such terms as may be agreed upon; and said preferred or guaranteed stock when so issued shall be entitled to receive dividends from the earnings and income of said corporation, at the rate of seven per cent. per annum, payable semi-annually, free of U. S. tax, before any other dividends shall be made therefrom; and said corporation shall pay and shall be liable to

pay such dividends on said preferred stock semi-annually from their earnings or income; and until declared, interest shall be added to each dividend from the end of the half year when the same should be declared; and no dividend shall be paid upon the common stock of said corporation, until a dividend is made on said preferred stock, nor while any semi-annual dividend on said stock, or interest thereon, herein provided for remains undeclared; and no mortgage of said road and property or any part thereof shall be made by said corporation, that shall take precedence of said preferred or guaranteed stock, in the application of the income of said corporation.

Sec. 9. No preferred or guaranteed stock, shall be issued by said corporation, unless an equal amount of claims or encumbrance on said road and property, prior to that of said corporation, shall be thereby satisfied, retired or exchanged therefor;—and if any such preferred or guaranteed stock shall be issued in violation of the provisions of this section, the directors of said corporation shall be personally liable to any holder of such stock, for such damages as he may sustain in consequence of such over issue.

Sec. 10. Said corporation shall be authorized and empowered to make any by-laws not inconsistent with the provisions of this act, nor with the laws of this State; and to make any and all lawful contracts touching the satisfaction, adjustment or payment of prior incumbrances on said road and property.

Sec. 11. Said corporation shall be authorized to make the preferred stock herein provided for, convertible into common stock of said corporation, at the option of the holder.

Sec. 12. This act shall be subject to the action of any future Legislature to amend, alter or repeal as the public good may require.

Sec. 13. This act shall take effect from its passage.

Approved March 28, 1867.

STATE OF VERMONT.

OFFICE OF SECRETARY OF STATE.

I hereby certify that the foregoing is a true copy of an act, approved March 28, 1867, as appears from the files of this office.

In witness whereof I hereunto set my hand and affix the seal of this office at Montpelier, this twenty-eighth day of March, A. D. 1867.

GEORGE NICHOLS,
Secretary of State.

AN ACT IN ADDITION TO AN ACT INCORPORATING THE
RUTLAND RAILROAD COMPANY APPROVED MARCH 28, 1867.

Is hereby enacted by the General Assembly of the State of Vermont:

SEC. 1. The Rutland Railroad Company is hereby authorized to issue their notes or bonds for the purpose provided in Section ninety-seven, of chapter twenty-eight, of the General Statutes; at a rate of interest not exceeding eight per cent.

SEC. 2. The Capital Stock of said Corporation may be increased by the Directors to an amount sufficient to represent the value of its property not to exceed, however, the present cost of said road, its equipments, lands and docks and such further cost of further construction of road and docks and further equipments as may in the judgment of the Directors, be necessary.

SEC. 3. Said Corporation is authorized to construct branches to quarries and mills in the several towns on its lines, as its interest and the public good may require provided, that said Corporation shall not hereby have or acquire any right to build a branch railroads to the quarries and mills at West Rutland.

SEC. 4. This act shall take effect from its passage. Approved Nov. 8th 1870.

BY-LAWS OF THE RUTLAND RAILROAD COMPANY.

Amended?
Whereas, The Rutland Railroad Company, incorporated by an act of the Legislature of the State of Vermont, approved March 28th, 1867, and composed of the second mortgage bondholders of the Rutland and Burlington Railroad Company, have organized in due form of law, by the Commissioners named in said act, and acting in conformity therewith. Now therefore, we the Stockholders of said Company, to wit: the Rutland Railroad Corporation at a meeting of the Stockholders thereof, on this 9th day of July, A. D. 1867, at Rutland Vermont, do hereby adopt the following by-laws, by and under which the business of said Corporation shall be transacted, until amended by a majority of the Stockholders, in accordance with these by-laws.

1st. The number of Directors shall be seven, to be chosen in accordance with the General Statutes of the State of Vermont, and who shall be Stockholders in said Corporation.

2d. The annual meeting of the Corporation shall be holden at Rutland in the State of Vermont, at the General Office of the Company, in the month of December, in each year, after 1867.

3d. The annual meeting, and all special meetings shall be called upon ten days notice, which shall be given by the Clerk, or the President of the Corporation to each of said Stockholders by mail properly directed, and post-paid, or by publication in one newspaper published at said Rut-

and, and also in two newspapers published in the city of Boston, in the State of Massachusetts.

4th. The Directors shall annually elect one of their number President, who shall also be President of the Corporation. They shall elect a Treasurer, and fix the amount of the bonds he shall give to the Corporation, and approve of such bonds, before he enters upon the duties of his office. They shall also elect a clerk, who shall be sworn, and who shall be a resident of, and keep his office in the State of Vermont. The Clerk shall give a bond to the directors and their successors, for the benefit of said Corporation, in such sum as they may determine. The directors shall appoint annually a Committee to audit the accounts of the Corporation and the Treasurer, or they may appoint an Auditor, to perform such duty.

5th. Not less than five Directors shall constitute a quorum, for the transaction of business for the road. In case of the death, resignation, or inability to act, of any Director, the other Directors may fill such vacancy at a meeting of the Directors, to be called for such purpose.

6th. The Directors may choose one of their own number, or any other person, to act as Clerk of the Board, at any of its meetings.

7th. The President shall preside at all meetings of the Corporation, and of the Board of Directors; and, in case of the absence of the President at any meeting of the Corporation, or of the Board of Directors a presiding officer, pro tempore, shall be chosen for such meeting. He shall appoint subject to the approval of the Directors, all officers and agents of the Corporation, who are not specially named in the by-laws, to be chosen by the Directors. He shall also, subject to the approval of the Directors, make all contracts pertaining to the business of the Company, and generally shall supervise and direct all the officers and business of the Corporation. He shall annually submit to the Directors and Corporation, a report of the business and prospects of the Corporation, and shall call the Board of Directors together quarterly for consultation and action upon the business and management of the Corporation, and at such other times as he shall deem proper.

8th. The Clerk, Treasurer, and Auditor may be removed, and other such officers appointed in the place of either of such officers, at the pleasure of the Directors.

9th. The Treasurer shall deposit all funds of the Corporation as directed by the Board of Directors, and in case of want of instructions by the Board, shall obey the instructions of the President in reference thereto, and generally shall perform such duties as may be assigned to him by the President, or the Board of Directors.

10th. It shall be the duty of the Clerk to attend all meetings of the Corporation, and keep a correct record of all votes of the Corporation, which record shall at all times be opened, on request of any Director, for his examination.

11th. The Stockholders at any annual meeting may, by a vote of not less than two-thirds of the votes represented at any such meeting alter or repeal these by-laws, notice thereof having BEEN GIVEN IN THE CALL for such meeting.

CONTRACT BETWEEN RUTLAND RAILROAD COMPANY AND THE VERMONT CENTRAL AND VERMONT AND CANADA RAILROADS.

Whereas. The business and traffic and business connections between the Rutland Railroad Company and the Vermont Central and Vermont & Canada Railroads are of so intimate a character as to make it for the interest of both roads in order to promote harmony between themselves and also to afford increased facilities to the public that they should be under one management,

Now Therefore, This contract by and between the Rutland Railroad Company of the first part, and the Trustees and Managers of the Vermont Central and Vermont & Canada Railroads of the second part, (who contract herein in respect to all the stipulations hereinafter agreed to be performed by them as such Trustees and Managers and free from personal liability in respect thereto.) *Witnesseth,*

ARTICLE FIRST. The parties of the first part hereby contract and agree that the parties of the second part shall have the exclusive use and control of the Rutland Railroad, formerly known as the Rutland & Burlington Railroad, extending from its point of junction with the Cheshire, Sullivan, and Vermont Valley Railroads at Bellows Falls, Vt., to its point of junction with the Vermont Central Railroad, at Burlington, Vt., with all its branches, side tracks, turn outs, depots, store houses, round houses, repair shops and machinery and tools connected therewith, and all other buildings and property belonging or used in connection with and all the privileges, appurtenances and fixtures appertaining to said Railroad, (except as excepted in a Paper hereto attached, marked Schedule "A.") with all the water and water rights, wood lands, and rights of way appertaining to the same, including herein all docks, basins and wharf property and all rights appertaining to the same, as the same have been acquired or improved or used in connection with or for the purpose of facilitating the business of said Rutland Railroad, at Burlington, Vt. Also, all the equipment and rolling stock and tools of every name and description belonging or appertaining to said Railroad.

To have the aforesaid Railroad and property to the parties of the second part and their successors in the trust with the right to operate said Railroad, and use the aforesaid property for and during the term of twenty years from and after the first day of January, A. D. 1871.

ARTICLE SECOND. All the gross receipts of and from the business and traffic of or upon said Rutland Railroad after the first day of January, 1871, shall belong to the parties of the second part and be collected and disposed of by them.

ARTICLE THIRD. The Rutland Railroad Company hereby sells to the party of the second part all the fuel, lumber, timber, new ties, oil and waste, shop stock, and all other things of that character furnished for use upon its road including herein all new rails and track fixtures owned by said Railroad Company, not in the track of said road at the time this contract goes into effect.

And also assigns to the said party of the second part all existing contracts they have for such property.

The parties of the second part agree to pay for the property before mentioned in this article at a valuation to be fixed by proper inventory and appraisal to be taken and made by a person to be designated by the party of the first part, and by the superintendent of the Vermont Central R. R., acting conjointly as such appraisers and in the event that they disagree, an umpire shall be appointed by them, whose decision in conjunction with one of said appraisers shall be final.

And it is mutually agreed that payment for such property when so appraised and inventoried shall be made in the notes of the said Trustees and Managers in equal amounts, at six, twelve and eighteen months, with interest, from January first, A. D. 1871.

ARTICLE FOURTH. The parties of the second part agree to keep up and maintain in good order and condition, by repairs and renewals as the same may be needed, all the present equipment of the party of the first part as aforesaid, and to add such new cars and engines as may be necessary to provide for waste and depreciation as the same may from time to time occur.

And they also agree to put into the track of said Rutland Railroad, all new iron or a proportionate quantity of steel rails, ties and other material requisite to keep the track and road always in a good condition, and to add to the ballast every year, so much as may be necessary to keep the road in as good condition as it now is. And to keep open and in good condition all the drains, and that all the railroad tracks, turn outs, docks, bridges, buildings, shops, tools, machinery, locomotives, cars, rolling stock, equipment and everything herein named, or not named, which is taken by the party of the second part, shall be kept in repair, restored and returned to the parties of the first part, in as good and serviceable condition as when taken under this agreement, in the manner hereinafter mentioned in Article eighth.

ARTICLE FIFTH. The parties of the second part agree to pay to the parties of the first part for the consideration herein mentioned, three hundred and seventy-six thousand dollars (\$376,000.) annually, payable in semi-annual installments of one hundred and eighty eight thousand dollars each, on the twentieth days of January and July in each year hereafter, during the continuance of this contract; the first installment to be payable on the twentieth day of July, 1871.

They also agree to pay the United States Income Tax, chargeable upon the Preferred Stock and Bonds of the Rutland Railroad Company, and in addition thereto to pay on the first day of January, 1873, Forty thousand and five hundred dollars. (40,500.)

On the first day of January, 1874, Fifty four thousand dollars. (54,000.)

On the first day of July, 1874, Forty thousand five hundred dollars. (40,500.)

On the first day of January, 1875, Forty thousand five hundred dollars. (40,500.)

On the first day of July, 1875, Sixty-seven thousand five hundred dollars. (67,500.)

On the first day of January, 1876, Sixty-seven thousand five hundred dollars. (67,500.)

On the first day of July, 1876, Eighty-one thousand dollars. (81,000.)

On the first day of January, 1877, Eighty-one thousand dollars. (81,000.)

On the first day of July, 1877, Eighty-one thousand dollars. (81,000.)

On the first day of January, 1878, eighty-one thousand dollars. (81,000.)

On the first day of July, 1878, eighty-one thousand dollars. (81,000.)

On the first day of January, 1879, Eighty-one thousand dollars. (81,000.)

On the first day of July, 1879, Ninty four thousand five hundred dollars. (94,500.)

And at that rate for each succeeding six months during the continuance of this contract.

And the parties of the second part also agree to pay for the purpose of keeping up the organization of said Rutland Railroad Company and for incidental expenses, Eight thousand dollars annually.

ARTICLE SIXTH. The parties of the second part agree to perform all the duties imposed by law upon the parties of the first part, as common carriers or warehousemen, and to indemnify the parties of the first part against all loss or damage which may accrue to the party of the first part, by reason of the neglect of the parties of the second part to perform this stipulation. And the parties of the second part shall have the right to use the name of the party of the first part in bringing any action, or making any defence, as they choose and be entitled to all their corporate or statutory rights for the purpose of carrying into effect this contract, according to its true intent and meaning.

ARTICLE SEVENTH. The parties of the second part agree to keep policies of Insurance in full force upon all the buildings and bridges of the party of the first part, to the extent of at least two-thirds of their value and in case of loss by fire to expend the amount of Insurance money obtained to rebuild the property destroyed.

ARTICLE EIGHTH. All the tracks, buildings, bridges, locomotives, cars, and all rolling stock, and all other property of the party of the first part, the use whereof is taken by the party of the second part, shall be as soon as practicable carefully examined and inventoried and described and appraised by two persons, one to be chosen by the party of the first part and one by the party of the second part and if upon any point they differ said appraisers shall choose a third who shall be an experienced practical Railroad man and disinterested, and the determination of a majority of said appraisers shall be conclusive.

And at the termination of this contract a like inventory and description and appraisal shall be made in the same manner of the same and substi-

tuted property and all additions by persons similarly appointed by said parties and their successors or assigns who shall determine whether the whole of said property in the aggregate is then in as good or better or worse condition of efficiency and shall appraise the value of the difference if any, and the difference shall be equalized by the payment by one party to the other as the case may require, both of which appraisals shall be at gold valuation.

ARTICLE NINTH. Each of the parties hereto agree that they will hereafter execute all such further covenants as may be necessary to carry into effect the true intent and purpose of this contract and the party of the first part agree that they will use all proper means to procure such legislation and orders and decrees of Court and to do and perform all acts and things which may be necessary to carry into effect the true intent and meaning of this contract.

And it is further understood that in the event the party of the second part shall deem it necessary and advisable to erect new structures or make expenditure of money in permanent improvements, branches or double track over and beyond the ordinary expenditures for repairs and renewals herein before provided for, or to meet extraordinary expenses for repairs or construction of road bed the parties of the first part if they can legally do so shall issue on request of the party of the second part their additional stock or bonds to such an amount as may be necessary to the party of the second part to raise funds to meet such expense, the parties of the second part paying dividends on the stock in case that it is issued at the rate of seven per cent. annually payable semi-annually.

Or if bonds are issued, interest on such bonds at the rate which they may bear during the continuance of this contract.

ARTICLE TENTH. The parties of the first part hereby agree to protect the parties of the second part in the peaceable enjoyment of said Railroad and other property and to indemnify and save harmless the parties of the second part from all claims and demands and rights of action and contracts outstanding at the date of this contract against the Rutland and Burlington Railroad Company, the trustees of the second mortgage bonds of said Company or the Rutland Railroad Company except as hereinafter mentioned and referred to in Schedule B, hereto attached.

ARTICLE ELEVENTH. It is further understood and agreed between the parties hereto that if the sums of money herein before provided to be paid by the parties of the second part or any of them shall be due and remain unpaid for the space of sixty days from and after the time when the same is due and payable, it shall be lawful for the party of the first part to re-enter and repossess said railroad and other property as aforesaid and peaceably enjoy the same as well as the other Railroads and property hereinafter assigned and transferred to the parties of the second part.

And it is stipulated and agreed between the parties hereto that the party of the second part shall maintain the present Repair shops with the machinery and tools therein at Rutland, Vt., and said machinery and tools are not to be removed from said shops except by the consent in writing of the party of the first part.

And it is stipulated that suitable office room shall be furnished the officers of the Rutland Railroad in the Station at Rutland, and the privileges now enjoyed by the officers of the Railroads herein named as railroad officials are at all times to be extended to and continued to said officers during the period of this lease over the roads embraced in this contract, the number not to exceed twelve (12) and shall include on the exchange list of the said party of the second part the President of the Rutland Railroad and such persons as he may designate, not exceeding three additional.

And Whereas, The Rutland Railroad Company, or parties in their interest, own and control certain Railroads running in connection with the Rutland Railroad and which are important to complete said lines and for the development and protection of its traffic, to wit:

The Vt. & Massachusetts Railroad from Brattleboro Vt. to Grout's Corner, Mass.

The Vermont Valley Railroad from Bellows Falls to Brattleboro.

The Addison Railroad now in process of construction from Whiting Vt. to the Lake at Larabee's Landing.

The Whitehall & Plattsburgh Railroad (Southern Division) from Port Henry to Ticonderoga.

The Whitehall & Plattsburgh Railroad (Northern Division) from Plattsburgh to Ausable.

The Montreal & Plattsburgh Railroad from Plattsburgh to Canada Line, and the Steamboat "Oakes Ames" running on Lake Champlain.

And Whereas, It is important for the interests of all concerned that the management of said roads and boat should be in the hands of the said Trustees and Managers of the Vermont Central and Vermont & Canada Railroads along with the Rutland Railroad in order to render the possession and control of said Rutland Railroad in the highest degree beneficial,

Now Therefore, The parties of the first part hereby agree to assign to the parties of the second part their lease of the Vermont & Mass Railroad aforesaid, dated the first day of December 1870, and agree that the parties of the second part shall have the use and control of said Vermont and Massachusetts Railroad and property connected therewith, extending from Brattleboro, Vt., to Grout's Corner, Mass., according to the terms of said lease.

And the parties of the second part hereby agree to assume and perform the stipulations contained in said lease or leases, except the rent reserved therein, which said party of the second part agree to pay as therein reserved and stipulated as a rental for such several railroads and steamboat to the party of the first part the said Rutland Railroad Company.

The party of the first part to pay the rent due up to the first day of January 1871, and to indemnify said parties of the second part against any breach of said contract which may have already accrued.

The parties of the first part also agree that the parties of the second part shall have the use and control of the Vermont Valley Railroad and all other property and rights connected therewith as described in the lease of said Railroad from Alexander Hamilton and Gouveneur Morris and Hugh

Henry, Trustees, to John B. Page and E. A. Birchard, bearing date the twelfth day of May, 1865, for twenty years from the first day of January 1871, with the right to operate said railroad and collect all the income therefrom.

The parties of the second part agree to pay to said parties of the first part for the use of said railroad and property at the rate of sixty-five thousand dollars per year, during the remainder of the term provided for in the lease from Alexander Hamilton and others to John B. Page and others, hereinbefore mentioned, and after the expiration of said lease to pay to said party of the first part at the rate of seventy-two thousand dollars per annum while said railroad and property shall be held and enjoyed by the parties of the second part.

The rent of sixty-five thousand dollars per annum during the continuance of the lease to John B. Page and others shall be paid in monthly instalments in the same manner provided in said lease, and thereafter the rent of seventy-two thousand dollars per annum is to be paid in semi-annual instalments on the first days of January and July in each year.

The Railroad and property aforesaid is to be examined and appraised by the same persons and in the same manner as is provided for the examination and appraisal of the Rutland Railroad and property connected therewith, as stipulated hereinbefore, and at the expiration of this contract is to be examined and appraised and difference adjusted and paid in the same manner as stipulated in respect to said Rutland Railroad, and the wood, shop stock and other like materials are to be appraised and paid for the same as in case of the Rutland Railroad.

The parties of the first part further agree that the Addison Railroad extending from the line of the Rutland Railroad near Whiting Station so called to the West line of the State, near Larabee's Point, shall be completed according to terms of the contract existing between the Rutland Railroad Company, and the Addison Railroad Company, dated Dec. 7, 1870, and when so completed that the parties of the second part shall have the exclusive use and control of said Addison Railroad with the right to operate the same for their own benefit until the termination of the contract for the use of the Rutland Railroad herein before agreed upon.

And the parties of the second part hereby agree to equip, run and operate said Railroad when so completed during the term aforesaid, according to the terms of the contract before mentioned dated Dec. 7, 1870, between the Rutland Railroad Company and the Addison Railroad Company, and to pay to the said party of the first part for the use of the same while so operated by them an annual rent at the rate of a dividend of seven per cent. free of government tax per annum payable semi-annually on the Capital Stock of said Addison Railroad Company and also such taxes as may be assessed upon the property of said Addison Railroad Company in the State of Vermont, provided that the Capital Stock of said Addison Railroad Company shall not exceed five hundred thousand dollars and provided further and it is hereby agreed that the parties of the first part shall procure to be elected annually, during the construction of said road, and as long thereafter as the party of the first part may be able to

control the same, such person as director in said Company as the parties of the second part may designate.

The parties of the first part also agree to assign to the parties of the second part the lease of the Whitehall and Plattsburgh Railroad, extending from the village of Port Henry, N. Y., southward to the town of Tieonderoga to the point of intersection with the Addison Railroad aforesaid; and they also agree to procure an assignment to the parties of the second part of the lease of the Whitehall and Plattsburgh Railroad, extending from the village of Plattsburgh to the Ausable River, dated the first day of May 1869, and running to the Plattsburgh & Montreal Railroad Company, or otherwise give them the use and control of said road according to said lease.

The parties of the first part also agree that the parties of the second part shall have the exclusive use and control of the Montreal and Plattsburgh Railroad, extending from Plattsburgh, N. Y., to Canada Line, with all its privileges and appurtenances and fixtures and all property connected therewith including the wharf property connected therewith at Plattsburgh and all its depots and buildings together with all of its equipment and rolling stock and tools and repair shops for and during the term of twenty years from the first day of January, 1871, with the right to operate said Railroad and use said property for their exclusive use and benefit.

The parties of the second part agreeing to pay to the parties of the first part therefor an annual rental at the rate of forty-two thousand dollars per annum payable in semi-annual instalments on the first days of January and July in each year, the first being due July first, 1871, and the taxes assessed in the State of New York.

And the parties of the second part agree to keep said Railroad and property in good repair and to return the same at the expiration of this clause of this contract, in the same manner as is provided for the return of the Rutland Railroad and its property as hereinbefore set forth in detail and said Railroad and property shall be appraised at the beginning and termination of this contract in the same manner and by the same persons by whom said Rutland Railroad and property are appraised and balance adjusted and paid in the same way.

The parties of the first part also agree that the parties of the second part shall have the exclusive use and control of the Steamboat "Oakes Ames," running between Burlington, Vt., and Plattsburgh, N. Y., for the term of twenty years from the first day of January, 1871, with the furniture and apparel connected therewith.

The parties of the second part agree to pay to the parties of the first part therefor at the rate of ten thousand dollars per annum for the period of this lease, but such payments to be subject to the provisions for purchase hereinafter mentioned as provided in this clause of this contract payable semi-annually on the first days of January and July in each year, the first payment to be made on the first day of July 1871.

And the parties of the second part agree to keep said boat in good repair and return it in like good repair at the expiration of this contract, or its

equivalent in value. Said boat and furniture shall be appraised when taken and when returned in the same manner as is provided in respect to the Rutland Railroad and differences shall be adjusted and paid in the same way, provided however that the party of the second part shall have the right to purchase said boat at any time during the continuance of this contract at such valuation and appraisal aforesaid put upon it when taken by them. One appraiser shall be appointed by the party of the first part and one by the party of the second part and if they disagree they shall choose a third who shall be disinterested and conversant with the value of boats, and the decision of a majority of such appraiser shall be final.

If either of the parties fail to perform any of the stipulations agreed to be performed by them in this contract it shall justify the entire rescission thereof by the other parties at their option, they first giving the parties in default thirty days' notice thereof in writing.

All proceedings which may be necessary to confirm the parties of the second part and put them into the exclusive control of all the property mentioned in the foregoing contract shall be completed and the possession of all such property turned over to the parties of the second part within thirty days from and after the date hereof.

The wood, lumber, shop stock and like materials (as classified in the clause respecting the Rutland Railroad) which appertain to the Vermont Valley, Plattsburgh & Montreal, and Whitchall & Plattsburgh Northern and Southern Divisions shall be appraised and paid for in the same manner as the same class of property belonging to the Rutland Road.

Whereas, The party of the second part have given to the party of the first part an order upon the Connecticut River Railroad Company for such balance as may be due to the party of the second part monthly, from the business passing over the Vermont Valley Road, not exceeding thirty thousand dollars monthly on an average, and have also given an order upon the Cheshire Railroad Company for such balance as may be due to the party of the second part to the amount of ten thousand dollars per month for the space of two years, and afterwards to the amount of twenty thousand dollars per month, now it is agreed by the parties hereto that all money received by the parties of the first part on the orders aforesaid shall be applied free from any claim for interest to the payment of the rents for the different roads herein specified as the same become due.

The words "or to meet extraordinary expenses for repairs or construction of road bed" in the ninth article of this contract shall be construed to mean expenses for repairs arising from extraordinary freshets or extensive fires.

In testimony whereof the Rutland Railroad Company have caused this instrument to be signed by their President, John B. Page, thereto duly authorized, who has hereunto set his hand and affixed the seal of said corporation, and the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads have set their hands and seals, all this thirtieth day of December A. D. 1870.

RUTLAND RAILROAD COMPANY,
 By JOHN B. PAGE, President, [L. S.]
 THE TRUSTEES & MANAGERS VT.
 CENTRAL & VERMONT & CANA-
 DA RAILROADS, BY
 J. GREGORY SMITH, [L. S.]
 JOSEPH CLARK, [L. S.]
 WORTHINGTON C. SMITH, [L. S.]
 B. P. CHENEY, [L. S.]

J. H. GOULDING, }
 E. PUTNAM, } Witnesses.

We the undersigned, committee of the first and second Mortgage Bondholders of the Vermont Central Railroad Company, hereby express our assent to the foregoing contract.

J. M. PINKERTON,
 OTIS DEWEY.
 Committee 1st and 2d Mortgage Bonds.

SCHEDULE "A."

PROPERTY EXCEPTED UNDER ARTICLE FIRST.

AT BELLOWS FALLS.—Dwelling house and lot, occupied by J. Bowtell. Store and other buildings formerly occupied by Harris, Stoue & Co.

AT BARTONSVILLE.—Farm, bought of Patrick Mehan, by deed dated Sept. 6th, 1870. The party of the first part to secure to the parties of the second part the protection to the road-bed at Bartonsville which the possession and control of said lands will secure, same as if party of first part had retained possession and control of the said road.

AT CAVENDISH.—Lots bought of Redfield Proctor and wife. The party of the second part reserving the right to cut off the wood, paying therefor the cost of the same, on the basis of the relative value which the timber remaining standing bears to the original amount of timber at the time of the purchase, its location and quality considered, the said value to be appraised as provided in the foregoing contract.

AT RUTLAND.—Land north of Freight Street, so called, occupied by Mansfield and Stimson for a Foundry and Machine Shop, it being understood and provided that should the requirements of the road at any time necessitate the use of said lands, the party of the second part to have the same rights and powers in respect thereto as were possessed by the party of the first part before the surrender of the road.

Building and land occupied by Samuel D. Jenness.

Land on which the engine house of "Washington No. 2" (Fire Company), and office occupied by Dr. Goldsmith, are situated, and south of said engine house and office buildings to land of Harlem Extension Railroad. The same provision in respect to the use of the same should the exigencies of the road require, being here understood, and to be inserted as above contained in clause relating to land occupied by Mansfield and Stimson.

AT BURLINGTON.—Stone store and Lake House property east of Railroad track.

Land upon which is situated the storehouse of Van Sicklen & Walker; all the rights now existing to said first party for the entry on and use of said land in case it should become necessary for the accommodation of the railroad, being secured and reserved to the party of the second part.

Land and rights conveyed to George W. Beckwith for the purpose of building a wharf, under contract dated Sept. 15, 1868, and the water lots adjoining said wharf, the title to which is in litigation in Chittenden County, the same reservation of whatever rights said first party may have for taking possession of the same when necessary for the uses of the party of the second part, as above specified, in respect to the land occupied by Van Sicklen & Walker.

The Water front at Burlington, west of the track and south of G. W.

Beckwith's wharf, is reserved for the use of the party of the first part, with proper facilities for passing over the tracks of the Rutland Railroad, to and from said water front. The above reservation, subject, however, to the right of the party of the second part to erect wharves or other improved facilities for increasing the business of said roads.

Land leased to S. K. Wells at Chester.

Land leased George F. Hilton and William Miller at Rutland.

Land bought of Evelyn Pierpoint, by deed dated 28th May, 1865.

On the line of the road at various points: Several small houses or buildings within the railroad bounds are reserved to the owners of the same. The Trustees second mortgage bonds, R. & B. R. R. Co., or the Rutland Railroad Company, having no rights therein.

And any other lots of land from which the wood has been cut off, and the title thereof remains in the Trustees of the second mortgage bonds.

Correct.

J. GREGORY SMITH,

JOHN B. PAGE.

SCHEDULE "B."

CONTRACTS REFERRED TO IN ARTICLE TENTH.

Contract with Rensselaer and Saratoga Railroad Company, in regard to transportation of marble from West Rutland to and from Sutherland Falls and Rutland, said contract bearing date Oct. 31, 1870; said contract to be carried out in good faith by the party of the second part, and with the Sutherland Falls Marble Company.

Contract with Luther Whitney in regard to building docks at Burlington, as made by L. Barnes in behalf of the Rutland Railroad Company; that part of the contract remaining to be carried out by said Whitney, the party of the second part are to assume and pay for, according to the terms of said contract.

Contract with American Telegraph Company, dated Dec. 13, 1864, for fifty years from 1st day of Dec., 1864.

Contract with the National Express Company, dated Aug. 24, 1865, for ten years.

Contract with U. S. Government for transportation of the mails.

Contract between Bay State Iron Company and Addison Railroad Company, dated Sept. 23, 1870, and assented to by the Rutland Railroad Company.

Contract with H. W. and J. W. Phelps in regard to transportation of materials for the Addison Railroad, with the understanding that the transportation provided for by said contract shall be furnished by the party of the second part, and the cost thereof charged to the Addison Railroad.

Contract with the Champlain Transportation Company, dated 23d day of

June, 1868, and in reference to the termination of the line of said Transportation Company at Plattsburgh, in the State of New York; said contract to be carried out in good faith by the party of the second part, unless modified or terminated by the mutual consent of the Champlain Transportation Company and the party of the second part.

Contract with Webster Wagner, dated, Jan'y 8, 1866, for ten years to run a line of sleeping cars between Albany or Troy, N. Y., and Burlington.

Contract with O. L. Slader, dated Oct. 1, 1866, in regard to eating house in station house at Rutland.

Contract with L. Barnes & Co., dated May 23, 1864, concerning the Champlain wharf at Burlington.

The contracts named in the foregoing schedule are assumed by the party of the Second part, and to be carried out by them in all respects.

The parties of the second part to observe the rights of parties to whom is conveyed by deed or contract the right to pass and repass the draw at Burlington.

The party of the second part to assume the insurance now on the Steamboat "Oakes Ames" from the date of the contract hereto attached.

Correct.

J. GREGORY SMITH,

JOHN B. PAGE.

We hereby assent to the lease or contract of the Rutland Railroad and its property to the Managers of the Vermont Central Railroad Company, but without, in any manner, affecting the mortgage of its personal property, and whereof we are Trustees, intending hereby to assent only to a change of possession of said property under said lease or contract.

January 23d, 1871.

GEO. B. CHASE, } Trustees Mt'ge.
JACOB EDMUNDS, } May, 2, '70.

B. T. REED, } Trustee 8 per cent Mt'ge.
S. T. DNNA, } '70.

At a meeting of the Directors of the Vermont & Canada Railroad Company held at St. Albans, on the 5th day of January, A. D. 1871, the following preamble and resolution was unanimously passed:

Preamble. "Whereas, the Trustees and Managers of the Vermont Central and Vermont & Canada Railroads, on the 30th day of December, 1870, entered into a contract with the Rutland Railroad Company, for the use and control of the Rutland Railroad, and the equipment and other property connected therewith, and also for the use and control of certain other railroads under the control of Rutland Railroad Company, and certain property connected therewith, all which is particularly set forth in the contract between said Trustees and Managers and said Rutland Railroad, dated Dec. 30th, 1870, before referred to. And whereas, said contract has this day been laid before the Board of Directors of the Vermont & Canada Railroad Com.,

pany at a meeting therefor, duly called to consider the subject." Now, therefore,

Resolved, "That the action of said Trustees and Managers in entering into said contract is hereby approved, and the assent of this company is hereby given for the approval of the same by order of the court.

The foregoing is a true copy of the vote as passed by the Directors, and as recorded on the records of this Company.

[SEAL.]

Attest,

I. W. NEWTON, Clerk,

Vermont & Canada Railroad Company.

WHEREAS, The Trustees and Managers of the Vermont Central and Vermont & Canada Railroads, on the 30th day of December, 1870, entered into a contract with the Rutland Railroad Company, for the use and control of the Rutland Railroad, and the equipment and other property connected therewith, and also for the use and control of certain other railroads under the control of the Rutland Railroad, and certain property connected therewith. All which is particularly set forth in the contract between said Trustees and Managers and said Rutland Railroad, dated December 30th, 1870, before referred to.

And whereas, said contract has this day been laid before the Board of Directors of the Vermont Central Railroad Company at a meeting duly called to consider the subject. Now, therefore,

Resolved, That the action of said Trustees and Managers in entering into said contract is hereby approved, and the assent of this company is hereby given for the approval of the same by order of Court.

Passed unanimously, this fifth day of January, A. D. 1870.

A true copy.

[SEAL.]

Attest,

GEO. G. SMITH, Clerk,

Vermont Central Railroad Company.

NOTICE TO AND ACCEPTANCE OF CONNECTICUT RIVER RAILROAD.

VERMONT CENTRAL AND VERMONT AND CANADA RAILROAD, OFFICE OF
PRESIDENT AND MANAGERS, ST. ALBANS, VT., JAN. 30TH, 1871.

D. L. Harris, Esq., President Connecticut River Railroad Company :

DEAR SIR :—A contract for operating and managing the Rutland Railroad, the Vermont Valley Railroad, the Vermont and Massachusetts Railroad (between Brattleboro and Grout's Corner) the Whitehall and Plattsburgh Railroad (Northern and Southern Divisions) the Plattsburgh and Montreal Railroad, the Addison Railroad, and the Steamboat "Oakes Ames," by the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, having been made and concluded by us with the Rutland Railroad Company—extending for a period of twenty (20) years, from the first day of January, 1871. You will please pay to the order of the Rutland Railroad Company the monthly balances which may be due from your Company to us arising from the business passing over the Vermont Valley Railroad, to an amount not exceeding thirty thousand (30,000) dollars per month on an average. Said balance to be computed on the business done over said road from and after January 1st, 1871.

Said payments to be made by your Company monthly, in the due course of settlement between the roads now in practice, subject however, to be revoked by us when we are ousted from the possession of said railroad and property under any of the terms and stipulations contained in the contract between us and said Rutland Railroad Company. You will please take receipts from the Rutland Railroad Company for such payments, which will be your vouchers for such amounts in settlement with us.

Very truly yours,

J. GREGORY SMITH,
President Trustees and Managers.

Accepted for Connecticut River Railroad Company, and it is agreed to pay to Rutland Railroad Company as within provided.

D. L. HARRIS,
President.

SETH HUNT,
Treasurer.

Springfield, Mass., February 7th, 1871.

NOTICE TO AND ACCEPTANCE OF CHESHIRE RAILROAD.

VERMONT CENTRAL AND VERMONT AND CANADA RAILROAD, OFFICE OF

PRESIDENT AND MANAGERS, ST. ALBANS, VT., JAN. 30TH, 1871.

E. Murdock, Jr., Esq., President Cheshire Railroad Company :

DEAR SIR:—A contract for operating and managing the Rutland Railroad, the Vermont Valley Railroad, the Vermont and Massachusetts Railroad (between Brattleboro and Grout's Corner) the Whitehall and Plattsburgh Railroad (Northern and Southern Divisions) the Plattsburgh and Montreal Railroad, the Addison Railroad and the Steamboat "Oakes Ames" by the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, having been made and entered into by us with the Rutland Railroad company, extending for a period of twenty (20) years from the first day of January, 1871. You will please pay to the order of the Rutland Railroad Company, the monthly balances which may be due from your Company to us in settlement of traffic accounts, to an amount not exceeding ten thousand (10,000) dollars per month during the year 1871, to January 1st, 1872. From and after the first day of January, 1872, you will pay to the Rutland Railroad Company or order, from such balances due to us the sum of twenty thousand (20,000) dollars per month, such payments to be made by your company monthly, in the due course of settlement between the roads now in practice, subject however, to be revoked by us, when we are ousted from possession of said railroad and property, under any of the terms and stipulations contained in the contract between us and said Rutland Railroad Company. You will please take the proper receipts from the Rutland Railroad Company for such payments, which will be your vouchers for such amounts in settlement with us.

Very truly yours,

J. GREGORY SMITH,

President Trustees and Managers.

Boston, February 8th, 1871.

The within order is accepted by vote of the Directors of the Cheshire Railroad Company.

E. MURDOCK, Jr.,

President.

APPROVAL OF CONTRACT BY COURT OF CHANCERY.

VERMONT AND CANADA R. R. Co. }

vs. }

VERMONT CENTRAL R. R. Co. }

Franklin County—In Chancery.

To Hon. Homer E. Royce, Chancellor :

Your petitioners, Joseph Clark, J. Gregory Smith, Worthington C. Smith and Benj. P. Cheney respectfully represent that they are now and for a long time hitherto have been the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads, acting as such under the decrees and orders of the Court in the above entitled cause.

They further represent that they make all the proceedings in said cause a part of this, their petition, and ask leave to refer to the same in the hearing hereof.

Your petitioners further represent that on the 36th day of December, A. D. 1870, they entered into a contract with the Rutland Railroad Company for the use and control of the Rutland Railroad with its appurtenances and equipment, and also of certain railroads and property connected therewith now under control of said Rutland Railroad Company, all particularly set forth in the contract between the Rutland Railroad Company and the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads aforesaid dated December 30, 1870.

For greater certainty your petitioners annex hereto a copy of said contract and make the same a part of this their petition, and ask leave to refer to the same on the hearing hereof.

Your petitioners further represent, that in their judgment the contract aforesaid will prove exceedingly beneficial to the trust property under their management, and that increased and enlarged facilities will be offered to the public by facilitating the connections between the roads aforesaid.

Your petitioners have, however, thought it wise to take the advice of the Board of Directors of the Vermont and Canada Railroad Company and the Vermont Central Railroad Company, and also of the advisory committee of the first and second Mortgage bondholders, appointed as such by the first and second mortgage bondholders of the Vermont Central Railroad to represent their interests, and on and by virtue of a decree of the Court of Chancery in the above entitled cause at the September Term of said Court in Franklin County, to wit, on the 19th day of Jan, 1864, and decrees supplemental and amendatory thereof, and in pursuance thereof on the 5th day of January, A. D. 1871, the Boards of Directors of the Vermont Central Railroad Company and the Vermont and Canada Railroad Company, and the

committee of the first and second mortgage bondholders at meetings duly called and held for that purpose, respectively. Resolved to approve the action of your petitioners in entering into said contract, and to assent to the approval of the same by the court.

The contract aforesaid having received the approval of all those having an interest in the same on the part of your petitioners.

Your petitioners pray that the action of your petitioners in entering into said contract may receive the approval of the court, and that they may be directed to go on and execute the same according to the terms of said contract, and for such further order and direction as to the court may seem meet.

Dated, St. Albans, in Franklin County, Jan. 5th, 1870.

JOSEPH CLARK,
J. GREGORY SMITH,
WORTHINGTON C. SMITH,
BENJ. P. CHENEY.

By their Solicitor,
B. F. FIFIELD.

I, J. Gregory Smith, on oath say, the facts set forth in the foregoing petition are true according to my best knowledge, information and belief.

J. GREGORY SMITH.

Subscribed and sworn to before me, Jan. 5, 1870.

B. F. FIFIELD,
Master in Chancery.

The foregoing petition having been duly filed and presented to me, and it appearing that the Boards of Directors of the Vermont Central Railroad Company, and the Vermont and Canada Railroad Company, and the committee of the first and second mortgage bondholders of the Vermont Central Railroad, appointed to represent their interests, under and by virtue of a decree of the Court of Chancery in the above entitled cause, dated Jan. 19th, 1864, and decrees supplemental and amendatory thereof, have respectively approved of the contract in said petition mentioned, between the Rutland Railroad Company and the Trustees and Managers of the Vermont Central and the Vermont & Canada Railroads, dated Dec. 30, 1870, and have assented to an order of the court approving of the same.

And it further appearing to the court that a joint management of the roads under the control of new Trustees and Managers, with the Rutland Railroad and the railroads now under their control, is necessary in order to the judicious and economical management of all said roads; that such joint management will reduce expenses, facilitate connections and otherwise promote the interests of the public, and to this end it appearing that said contract is a fair and equitable one, and that the same will be beneficial to the

trust property under the control and management of the Trustees and Managers of the Vermont Central and Vermont & Canada Railroads.

It is now here ordered and decreed that the action of said Trustees and Managers in entering into said contract is hereby approved, ratified and confirmed, and they are hereby directed to go on and execute the same according to the terms of said contract; the liabilities increased by said Trustees and Managers under said contract being, and the same is hereby declared to be a charge upon the trust property, and the earnings thereof under the management of said Trustees and Managers.

Done in Court, this 5th day of Jan., 1871.

HOMER E. ROYCE,
Chancellor.

The foregoing drawn pursuant to Chancellor's order.

B. F. FIFIELD, Solicitor.

ASSIGNMENT OF LEASES TO VERMONT CENTRAL AND VERMONT & CANADA RAILROADS.

THIS INDENTURE, made this 30th day of January, A. D. 1871, by and between the Rutland Railroad Company, existing under the authority of the Legislature of this State of the first part, and the Trustees and Managers of the Vermont Central and Vermont and Canada Railroads of the second part.

Witnesseth—That whereas the Whitehall and Plattsburgh Railroad Company, by their lease bearing date the 26th day of September, 1870, did lease the said party of the first part all that part of the Whitehall and Plattsburgh Railroad extending from the village of Port Henry to Ticonderoga, N. Y., to where it may intersect with the Addison Railroad (in process of construction) when completed with its appurtenances.

And whereas, the Vermont and Massachusetts Railroad Company, by their lease bearing date the 1st day of December, 1870, did lease the said party of the first part all that part of its railroad and appurtenances extending from Grout's Corners (so called in Massachusetts) to its point of connection with the Vermont Valley Railroad at Brattleboro, Vermont.

And whereas, the Addison Railroad Company by their lease bearing date the 7th day of December, 1870, did lease to the said party of the first part their railroad as it may be constructed and completed, extending from near Whiting Station, so called, to the State Line near Larrabee's Point, so called with its appurtenances.

And whereas, Alexander Hamilton, Gouveneur Morris and Hugh Henry as Trustees, by their lease dated the 12th day of May, 1865, did lease the Vermont Valley Railroad, extending from Bellows Falls to Brattleboro, Vt. with its appurtenances, &c., to John B. Page and Edwin A. Birchard, and who, on the 23d day of January, 1871, assigned and transferred all their right and title thereto for the unexpired term thereof to the said party of the first part.

And whereas, the Montreal and Plattsburgh Railroad Company by their contract, dated the 23d day of January, 1871, and made and entered into with the said party of the first part, did agree that the said party of the first part, or its assigns, should have the exclusive use, possession, management and control of their, the said Montreal and Plattsburgh Railroad Company's Railroad and property, extending from Plattsburgh, N. Y., to Province Line, so-called, with its appurtenances.

And whereas, the said Montreal and Plattsburgh Railroad Company has, by its said contract dated the said 23d day of January, A. D. 1871, contracted with the said party of the first part, and assigns, to run and operate for them, that part and division of the Whitehall and Plattsburgh Railroad that lies between the point of junction of said Road with said Montreal and Plattsburgh Road in the village of Plattsburgh and the Ausable River in the State of New York, of which Railroad property and appurtenances the said Montreal and Plattsburgh Railroad Company has a lease from said White-

hall and Plattsburgh Railroad Company, dated the 1st day of May, 1869, copies of which several leases and contracts are annexed hereto and made a part hereof.

Now the said party of the first part in consideration of the promises and agreements made and entered into by the said parties of the second part, and contained in their contract with the said party of the first part, which is dated the 30th day of December, 1870, which is also referred to and made a part hereof, hath and by these presents do assign, transfer and set over to said parties of the second part, the aforesaid several leases and contracts, together with all right, title, interest and claim to the said named terms of years unexpired under said leases or either of them, as well as all interests, rights and privileges acquired and existing under or by virtue thereof, to said Railroads their real and personal property, or their management and control; but nevertheless, subject to the terms and conditions expressed and set forth in said several leases and contracts which the said parties of the second part, as Trustees and Managers aforesaid are to perform and fulfill, during the remainder of said unexpired terms of years, according to the true intent and meaning of said leases and contracts, except as to the rents reserved, which said parties of the second part are to pay to said party of the first part, as stipulated and provided in the aforesaid contract, made a part hereof, and dated the 30th day of December, 1870, aforesaid,

To have and to hold the same to them, the said parties of the second part, their successors and assigns, for and during the residue and remainder of said terms and yet to come as aforesaid; and in as beneficial a manner as the said party of the first part might have held, enjoyed, possessed and managed the same if this indenture of assignment had not been made or executed.

Provided, and it is hereby further agreed by the respective parties hereto, that this indenture shall be subject to the terms and stipulations expressed in the aforesaid contract dated the 30th day of December, 1870—and that in case the said party of the second part shall neglect or fail to perform any of the promises and undertakings on their part to be done and performed, or to pay the said party of the first part the rents specified and reserved as specified in said contract of December 30, 1870, in respect to all or either of said Railroads therein named, and their property, for the period of thirty days after the same should be done, performed and paid, that then and in that case the said party of the first part, or their successors and assigns, in and to said Railroads, including the Rutland Railroad, their appurtenances, property, real and personal, and may re-enter therein, and each of said Railroads and property, and every part thereof, and re-possess and enjoy the same as fully and amply as if this indenture and said contract had not been made, anything contained herein or in said contract to the contrary notwithstanding, and the said parties of the second part agree that on the expiration of this contract, or other determination of the same, as above provided, that they, their successors or assigns shall and will peaceably yield up and surrender

the said several Railroads, their property and appurtenances and every part thereof in good condition, repair and preservation and suitable for immediate use, with the business thereof unimpaired by any act of theirs, their successors or assigns. And, provided further, and it is agreed that if said parties of the first part shall be unable to secure said parties of the second part the control and management of the Whitchall and Plattsburgh Railroad or its two divisions contemplated in the contract of December 30, 1870, between the parties hereto in consequence of legal proceedings instituted by other parties preventing it, said parties of the first part shall not be held liable for such failure, nor shall it effect said contract in any other respect, or the rents payable thereunder in respect to any other road or property therein referred to; provided, however, and it is expressly understood and agreed that if from any cause the said party of the second part shall be ousted from the possession and management of said Plattsburgh and Whitehall Railroad in its Southern Division then, and in that case, the said party of the second part shall from the time when they shall be so ousted, from thenceforward be relieved at their option of the payment of rent provided in the contract of December 30, 1870, for the Addison Railroad.

RUTLAND RAILROAD COMPANY.

By J. B. PAGE, President. [SEAL.]

In presence of

J. PROUT,

E. PUTNAM.

The undersigned parties of the second part to the foregoing Indenture, assent to and accept the same upon the terms therein expressed, and agree as Trustees and Managers aforesaid, to perform and fulfill the same on their part, according to the true intent and meaning thereof.

Witness our hands the day and year above written.

The Trustees and Managers Vt. Central and Vt. and
Canada Railroad, by

J. GREGORY SMITH. [SEAL.]

JOSEPH CLARK. [SEAL.]

WORTHINGTON C. SMITH. [SEAL.]

B. P. CHENEY, [SEAL.]

In presence of

J. PROUT,

E. PUTNAM.

RUTLAND, ss: At Rutland, in said County, on the 7th day of February, A. D. 1871, appeared the said Rutland Railroad Company by John B. Page, President, and their agent authorized in that behalf, and acknowledged the foregoing instrument to be the free act and deed of said Corporation.

Before me,

J. PROUT,

Master in Chancery.

Duly Stamped.

LEASE OF BRANCH OF VERMONT & MASSACHUSETTS RAILROAD TO RUTLAND RAILROAD COMPANY.

THIS INDENTURE, made the first day of December, one thousand eight hundred and seventy, between the Vermont and Massachusetts Railroad Company, a corporation existing by the laws of the States of Massachusetts and Vermont, of the first part, and the Rutland Railroad Company, a Corporation existing by the laws of the State of Vermont of the second part.

Witnesseth,—Whereas, it is believed to be for the advantage of the public and of both parties hereto, that a part of the railway of the party of the first part should be managed and operated for the period of this lease by the party of the second part.

Now therefore, these presents, witness, that the parties hereto in consideration of the premises and of the several provisions hereinafter contained, for the benefit of each respectively, do hereby mutually covenant, promise, contract and agree to and with each other as follows, to wit :

First.—Said party of the first part hath demised, leased and rented, and doth by these presents demise, lease and rent, for the period of fifteen years from and after the first day of December, A. D. one thousand eight hundred and seventy, unto said party of the second part, and its successors, so much of the railway of the party of the first part as extends from the junction of its main road at Grout's Corner, in the town of Montague, in the State of Massachusetts, with the Brattleboro Branch, so called, and thence to its point of connection with the Vermont Valley Railroad in the town of Brattleboro, in the State of Vermont, together with the lands on which said railway is located within said terminal points, and the franchises and privileges in connection therewith, or which are appurtenant thereto, with the turnouts, depot grounds, depots, stations, superstructures, erections, water, water rights and fixtures used therewith and belonging thereto, and the lands and premises on which the same are situate and standing, now used by, belonging to, and otherwise appertaining to said road (excepting so far as the exclusive use of the same is hereinafter qualified.)

Yielding and paying rent therefor at the office of the Treasurer of the party of the first part, and to said Treasurer, an annual rental as follows, *viz.* : For the first five years from the first day of December, one thousand eight hundred and seventy, at an annual rental of forty-two thousand dollars, said rent is payable in equal monthly instalments at the rate aforesaid. For the second five years from the first day of December, one thousand eight hundred and seventy-five, at an annual rental of forty-eight thousand dollars; said rent is payable in equal monthly installments at the rate aforesaid; and for the third five years from the first day of December, one thousand eight hundred and eighty, at an annual rental of fifty-four thousand dollars, said rent is payable in equal monthly installments at the rate aforesaid, and the rent for each month shall be due and payable on the last day of the succeeding month for which said rent is due.

Provided, nevertheless, that if the rents above reserved or any part thereof or that part of the taxes hereinafter named, shall be behind or remain unpaid for sixty days from and after the days or times when the same are due and payable, or if default shall be made in the performance of any of the covenants herein contained to be kept, paid or performed, for the benefit of the party of the first part, then and from thenceforth, it shall be lawful for said party of the first part, its successors or assigns, upon said demised premises and every part thereof, wholly to re-enter and remove all persons therefrom without process of law, and the same to have again, repossess and enjoy, as in its first and former estate, anything herein contained to the contrary notwithstanding; and this Indenture and all the provisions therein contained may, at the option of said party of the first part, thereupon be declared to be, and the same shall thenceforth be forfeited, except so far as to enable the party of the first part to collect the rent up to the time when the party of the first part shall thus re-enter upon, repossess and enjoy the said demised premises upon such forfeiture; and also, except so far as any right for damages may have accrued or existed by reason of the non-performance of any of the covenants of this indenture.

And, said party of the second part does covenant and agree to and with the party of the first part, its successors and assigns, that said party of the second part, shall and will monthly, during the continuance of said term, well and truly pay or cause to be paid to said party of the first part, its successors or assigns, in the manner aforesaid, the rent herein reserved, on the days and in the manner herein limited and prescribed, without deduction, fraud or delay, according to the intent and meaning of these presents—and said party of the second part also agrees that it will pay all taxes, whether federal, State or local which may be levied on that part of the premises herein demised, which are situate in the State of Vermont, and also all taxes lawfully imposed upon any business or traffic transacted by said party of the second part on the said leased railway.

Said party of the second part agrees that it will at all times and at its own cost, keep all buildings and bridges on the property herein demised, insured for an amount as near to their value as may be, and in case of their injury or destruction by fire, will apply the amount received from such insurance to repair or replacing the same. And if any difference shall arise between the parties as to the amount of insurance required on any building or structure, the same shall be determined by a majority of the arbitrators hereinafter provided for, whose decision shall be final.

Said party of the second part agrees that it will at all times during the continuance of this Indenture keep and maintain said railway and other estate herein demised and all things appertaining to the same, and all things pertaining to the rights and uses of the public connected therewith, in as good order, repair and condition as when received, and will, at the expiration or other determination of the term hereby granted, surrender said rail-

road and other estate, or the renewals or substitutions for the same, in as good order, state and condition as when received, but said party of the second part shall not be liable for the general depreciation of station houses, buildings and bridges, from lapse of time, apart from the general use of the same for railroad purposes. Also, provided, that in case of partial injury to the bridges, abutments, or culverts of the railway herein demised, to the amount of fifty dollars or more, by wind, flood or fire, or the total destruction of them or either of them by the same cause, and in either case without any fault or negligence of the party of the second part, then said party of the second part shall proceed at once to repair or replace the same, under the direction of the party of the first part, and said party of the first part hereby agrees to pay the actual cost of such repairs or replacement.

Said party of the second part shall and will at all times during the continuance of this Indenture indemnify and keep indemnified and harmless the party of the first part from all costs, suits, expenses and damages which the party of the first part may sustain or incur by reason of any default or failure of the party of the second part, its grantees or its agents in the operation, use or management of said railway and demised premises, or any part thereof, or by its omission to do or perform any act or thing required by law to be performed by the party of the first part.

Said party of the second part will continue to do, during the continuance of this Indenture, every act and thing that may be by law required of or obligatory upon it, or said party of the first part, in respect to the operation, condition, maintenance and use of the railway and estate herein demised, including the rendition of all accounts and reports that shall be by law required; either making and returning the same to the authorities of the States of Vermont and Massachusetts severally, or furnishing all the data in its possession to enable the party of the first part to make the same; in all cases as the law shall require in the premises.

The party of the first part agrees that it will do and perform all acts, matters and things, on the request of the party of the second part, which are lawful and consistent with the rights of the party of the first part and its duty to the public, and which shall be proper and necessary to the due protection and preservation of the estate herein let and demised to the party of the second part and the preservation of its business so as to carry into effect the true intent and meaning of this Indenture; and in default thereof, that the same may be done by said party of the second part, so far as it can lawfully do the same, and as the act of said party of the first part.

The party of the second part agrees that in operating said leased railway, it will furnish the public, at least as good facilities, both in its passenger and freight departments as are now enjoyed by the public or by private persons upon or in connection with said leased estate.

Inasmuch as differences of opinion may hereafter arise between the parties hereto as to the condition of the railway and estate herein demised at the

present time and during the time covered by this Indenture, and whereas, questions may arise between the parties as to the lawful and proper construction of this Indenture, and the things to be done or omitted to be done by its terms, it is agreed that either party may demand that these matters be submitted to arbitration, and it shall be done, and thereupon if such parties cannot agree upon arbitrators, application may be made to the Court for the County of Windham, in the State of Vermont, or to a judge of the Supreme Court of the State of Massachusetts, due notice of said application having been given, said Court may appoint three arbitrators to whom the matter shall be submitted and the written award of either two of said arbitrators shall be final and conclusive on both parties.

And it is agreed by both parties that, directly after the execution of this Indenture, arbitrators shall proceed to inspect the estate herein demised and report such inspection as desired by the parties hereto, the expense of such inspection to be borne by both parties in equal proportions.

And it is agreed that all business destined to and from Worcester, Providence and Boston or other stations South and East of those cities, originated between said points and Bellows Falls, shall be delivered by the parties hereto to each other at Grout's Corner for transportation to its destination.

And said party of the second part agrees that it will carry out in good faith the existing contract of the party of the first part with the Cheshire Railroad Company, or any similar contract hereafter to be made with said Company, and will not compete with them for business bound for Fitchburg or beyond that point, in violation of the terms of said contract or this indenture.

And it is agreed by the parties of the first and second parts, that the party of the second part is to be entitled jointly with the Connecticut River Railroad Company to the use of land and buildings, at South Vernon Station, owned by said party of the first part and said Connecticut River Railroad Company, on the terms and conditions set forth in a declaration of rights and ownership of property at South Vernon Station, executed A. D. one thousand eight hundred and fifty-five, by Thomas Whittemore, President of the Vermont and Massachusetts Railroad Company and D. L. Harris, President of the Connecticut River Railroad Company, to which document reference may be had for a more particular explanation of the contract. And it is further agreed that all lands at South Vernon Station, which are owned solely by the party of the first part, and are not included in terms in the declaration above named, are covered by and leased to the party of the second part in this indenture.

And it is further agreed that neither the premises occupied by the Brattleboro Gas Company with the approaches thereto, nor a farm in said Brattleboro recently purchased by said party of the first part, are intended to be demised or are demised by this indenture but are hereby expressly excepted therefrom.

And it is further agreed by both parties that the station houses, engine house, water tanks and turn-outs at Grout's Corner, are to be used by the parties of the first and second part and by the New London Northern Railroad Company, conjointly, said party of the second part paying a reasonable proportion of the station expenses, including repair of buildings, turn-table, water-works and fixtures, during the continuance of this lease.

This indenture is made subject to the ratification and approval of the Corporation party of the first part at a meeting lawfully called for that purpose, and also provided, the authority of the Legislature of Massachusetts shall be procured if necessary.

THE VERMONT & MASSACHUSETTS RAILROAD COMPANY,

By D. S. RICHARDSON, President. [SEAL.]

RUTLAND RAILROAD COMPANY,

By J. B. PAGE, President. [SEAL.]

In presence of

WM. H. HILL,

FRANKLIN POOR.

COMMONWEALTH OF MASSACHUSETTS, SUFFOLK, ss: December 14th, 1870.
Personally appeared D. S. Richardson, President Vermont and Massachusetts Railroad Company, and acknowledged the foregoing instrument to be the free act and deed of the Vermont and Massachusetts Railroad Company.

Before me,

WM. H. HILL,

Justice of the Peace.

Duly stamped.

LEASE OF THE VERMONT VALLEY RAILROAD TO BIRCHARD AND PAGE.

THIS INDENTURE, made this 12th day of May, A. D. one thousand eight hundred and sixty-five, between Alexander Hamilton, junior, Gouverneur Morris, and Hugh H. Henry, Trustees of the Vermont Valley Railroad, parties of the first part, and John B. Page, of Rutland, Vermont, and E. A. Birchard, of Boston, Massachusetts, parties of the second part.

Witnesseth—That the said parties of the first part, for and in consideration of the rents, covenants and agreements hereinafter mentioned, reserved and contained on the part and behalf of the said parties of the second part, their executors, administrators, and assigns, to be paid, kept and performed, by virtue and in pursuance of the power and authority hereinafter recited, as follows: By virtue of an Indenture of Mortgage upon the Vermont Valley Railroad, its implements, equipments and furniture, in trust to Gouverneur Morris, Robert Schuyler and Elihu Townsend, executed and delivered on the twenty-fourth day of December, one thousand eight hundred and fifty, and also by virtue of another Indenture of Mortgage upon the said Vermont Valley Railroad, its railways, fences, bridges, rights, real estate and rolling stock, in trust to the said Gouverneur Morris, Robert Schuyler and Elihu Townsend, executed and delivered on the fourth day of August, one thousand eight hundred and fifty-one, the said Robert Schuyler having been heretofore removed, by due process of law, from the trust created in each of said mortgages, and having since departed this life, and the said Elihu Townsend having also, since said time, departed this life, and the said Alexander Hamilton, junior, and Hugh H. Henry, having been duly appointed the successors, in each of said trusts, to and in the place of the said Elihu Townsend and Robert Schuyler, by the Chancellor of the State of Vermont, in the year one thousand eight hundred and fifty-five, and also by virtue of a certain deed of surrender, made, executed and delivered on the eleventh day of September, one thousand eight hundred and fifty-five, by the said Vermont Valley Railroad Company, to Gouverneur Morris, Alexander Hamilton, junior, and Hugh H. Henry, Trustees, reciting the execution and delivery of each of the aforesaid mortgages, and a resolution of the stockholders of the said Vermont Valley Railroad Company, authorizing and requiring the directors of said Company to make such surrender, whereby the said Vermont Valley Railroad Company did grant, surrender and yield up to the said Trustees, as aforesaid, the said Vermont Valley Railroad, its real estate, rights, privileges and appurtenances, as described in said mortgages, together with all the locomotives, engines, cars, equipments, furniture, and property of every kind belonging to or in possession of said company, to have and to hold the same to them, the said Gouverneur Morris, Alexander Hamilton, junior, and Hugh H. Henry, Trustees as

aforesaid, and their successors in said trust, to the end and intent that the estate and property thereby surrendered might be actually possessed, occupied, run, held and used by said Trustees, and the income and profits thereof appropriated according to the terms of the said mortgages, which said deed was recorded in the office of the Clerk of Windham County, in the State of Vermont, on the first day of October, 1855, and also by virtue of the power and authority of a decree of the Chancellor of the State of Vermont, in an action brought by Gouverneur Morris, Alexander Hamilton, Jr., and Hugh H. Henry, Trustees, against the Vermont Valley Railroad Company, made on the second Tuesday of September, one thousand eight hundred and sixty-four, at a Court of Chancery, held for the State of Vermont, at Newfane, within and for the County of Windham, whereby, among other things, I was decreed by said Court that the said Morris, Hamilton and Henry, or their successors in said trust, should have the exclusive possession, control and management of the said Vermont Valley Railroad, its franchise and property, until the payment of the bonds secured to be paid by the first hereinbefore mentioned mortgage and the accruing interest thereon, together with the expenses of said Morris, Hamilton and Henry, in and about said suit (which said bonds have never been paid, nor any part of the same) and by virtue of all and every other power and authority for that purpose vested in the said parties of the first part, in their office as Trustees of the said Vermont Valley Railroad Company, or under the aforesaid mortgages or decree, or otherwise, as Trustees, (the power to execute this instrument not being personal to the said parties of the first part, but hereby expressly limited to their authority as Trustees as aforesaid,) have demised, granted and to farm letten, and by these presents do demise, grant, and to farm let unto the said parties of the second part, their executors, administrators and assigns, the said Vermont Valley Railroad from Brattleboro to Bellows Falls, in the said State of Vermont, together with all and singular the real estate upon which the said road is constructed and built, which is used, reputed and taken as part and parcel thereof, together with all and singular the liberties, privileges and franchises of the said Railroad, and all the depots, station houses, turn-outs, machine shops and machinery, as the same are possessed by the said parties of the first part, under the mortgages and deed of surrender hereinabove referred to, as well as of the aforesaid decree of the Court of Chancery of the State of Vermont, and also all the real estate acquired or possessed by said Trustees, at Bellows Falls or elsewhere, appurtenant to said Railroad, and all the right, so far as said Trustees can grant the same by this Indenture, under the charter of said company, or by the laws of Vermont now in force, or which may hereafter be enacted, and all rights and benefits of contracts now existing with other roads connecting with said Vermont Valley Railroad, or other persons or corporations, and subject to the same whether by way of lease or otherwise, and all the

rolling stock of said Vermont Valley Railroad, including cars, locomotives, machinery tools, and materials on hand, forming a part of the capital stock of said Railroad.

To have and to hold the above mentioned and described premises, hereby demised, with the appurtenances, rolling stock and property as aforesaid, unto the said parties of the second part, their executors, administrators and assigns, from the first day of June, A. D. 1865, for and during, and unto the full end and term of ten years thence next ensuing, and fully to be complete and ended, yielding and paying therefor unto the said parties of the first part, their successors or assigns, yearly, and every year during the term hereby granted, the yearly rent, or sum of sixty-thousand dollars, (\$60,000,) lawful money of the United States of America, in equal monthly payments of five thousand dollars (\$5,000) each, to wit.: such payments to be made for each month on the twenty-fifth day of the month next succeeding. Provided always, nevertheless, that if the rent above reserved, or any part thereof, shall be behind, or unpaid on any day of payment whereon the same ought to be paid as aforesaid, or if default shall be made in any of the covenants, clauses, or agreements herein contained, on the part and behalf of the said party of the second part, their executors, administrators or assigns, to be paid, kept and performed, then and from thenceforth it shall and may be lawful for the said parties of the first part, their successors or assigns, into and upon the said demised premises and property and every part thereof, wholly to re-enter and the same to have again, repossess and enjoy as in their first and former estate, anything hereinbefore contained to the contrary thereof in anywise notwithstanding.

And the said parties of the second part for themselves and their executors, administrators and assigns, do covenant, promise and agree to and with the said parties of the first part, their successors and assigns, by these presents in manner and form following: that is to say, that the said parties of the second part, their executors, administrators and assigns, shall and will, yearly, and every year during the said term hereby granted well and truly, pay or cause to be paid, unto the said parties of the first part, their successors or assigns, the said yearly rent above reserved, in monthly payments, on the days and in the manner limited and prescribed as aforesaid for the payment thereof without any deduction, fraud or delay, according to the true intent and meaning of these presents. And that they, the said parties of the second part, their executors, administrators or assigns, shall and will, at their own proper costs and charges bear, pay and discharge all such taxes, duties and assessments, and impositions of every nature and kind, both ordinary and extraordinary as shall or may, during the said term hereby granted, be charged, assessed or imposed upon the said demised premises, or any part or parts thereof, and that they, the said parties of the second part, their executors, administrators or assigns shall and will, at their own proper costs

and charges, maintain, keep and preserve the said demised premises and every part thereof with the appendages, fences, enclosures, depot houses and all other appurtenances, in the state and condition of good and sufficient repair and preservation, for all the uses and purposes of a railroad, and that neither the said parties of the second part, nor their executors, administrators or assigns, will assign, transfer or set over these presents for the whole or any part of the said term hereby demised, without the previous consent and approbation of the said parties of the first part, their successors or assigns, for that purpose first had and obtained in writing, but this prohibition shall not apply to an underletting, and that on the last day of the said term, or other sooner termination of the estate and demise hereby granted, they, the said parties of the second part, their executors, administrators or assigns, shall and will, peaceably and quietly, leave, surrender and yield up unto the said parties of the first part, their successors or assigns, all and singular the said demised premises, including fences, inclosures, depot houses and all other appendages and appurtenances in a state and condition of good and sufficient repair and preservation, fit and proper in all respects for the immediate and continued uses and purposes of a railroad, and with the business of said Railroad unimpaired by any wrongful act of the lessees. And the said parties of the first part for themselves and their successors, do, by these presents, covenant promise and agree, to and with the said parties of the second part, their executors, administrators and assigns, in manner and form following: that is to say, that the said parties of the second part, their executors, administrators and assigns, paying the said yearly rent above reserved, in monthly payments as above provided, and keeping, performing and fulfilling all and singular the covenants, clauses and agreements herein contained, on the part and behalf of the said parties of the second part, their executors, administrators and assigns, to be kept, performed and fulfilled. They, the said parties of the second part, their executors, administrators and assigns, shall and may at all times during the said term hereby granted, peaceably and quietly have, hold, use, occupy, possess and enjoy all and singular the said demised premises, and the fare, freight, income, revenue and profits thereof, without any manner of let, suit, trouble, molestation or hindrance of or from the said parties of the first part, their successors or assigns, or any other person or persons whomsoever lawfully claiming, or to claim the same by, from or under said parties of the first part. And that the said parties of the first part, their successors or assigns shall not, and will not, during any part of the said term, use, or in any manner employ their said railroad as a railroad, or any part thereof, or take the profits, avails, or other proceeds thereof, except only the rent aforesaid; and in case, by legal proceedings instituted by any of the bondholders represented by said Trustees, the lessees shall be deprived of the possession of the said railroad, and the use thereof, the said rent shall be abated and cease during the period of such

dispossession. The said parties of the second part to give notice of the institution of any such proceedings forthwith to the said parties of the first part.

And it is further covenanted and agreed by and between the parties to these presents, that if the rent herein reserved, or any monthly installment thereof, be not paid within sixty days after the expiration of the month for which it is due and payable, the said party of the first part, may at their election, re-enter and take possession of the said railroad, as hereinbefore provided; or if the said parties of the first part shall elect to collect the said rent from the lessees, or the sureties of the said parties of the second part, to secure the faithful performance of the covenants of this Indenture, to recover the amount of said rent so due after the expiration of notice, in writing, of thirty days, to said sureties, of the default in said payment, at which time the right of them against said sureties shall become absolute, or the said parties of the first part may recover the said rent so due against the said lessees personally, and in case the said parties of the first part shall elect to re-enter upon the said Railroad for any failure in the payment of rent as aforesaid, the said parties of the second part covenant and agree to deliver to the said parties of the first part, all the rolling stock of said Railroad at the Ballows Falls station within ten days after notice to deliver the same, or in default of the same, the said parties of the first part may take into their own possession said stock or any part thereof, wherever the same may be found, or at their election may recover from said parties of the second part, or their sureties, or from either of them, the value of said stock as appraised in the manner hereinafter provided, or at its actual value.

And it is further covenanted and agreed, by and between the parties hereto, that a survey and examination of the condition of said Railroad shall be made at the commencement of the term hereby demised, by two competent persons, one to be selected by each of the parties hereto, and in case of difference between said two persons so selected, an umpire to be selected by them whose decision and report shall be conclusive, who shall examine said railroad, its roadway and superstructure, together with its bridges and station houses, and make their report of the same, in writing, to each of the said parties, and that a like examination shall be made at the end of each year during said term, by persons to be chosen in the same manner as hereinbefore provided, who shall report thereon in writing to each of said parties.

And the said parties of the second part for themselves, their executors, administrators and assigns do covenant and agree to and with the said parties of the first part, their successors and assigns, that the said roadway, including every part of its superstructure, shall be kept and maintained, and returned at the expiration of said term in as good order, repair, and condition, as when the same is delivered, the same to be determined by the report of the aforesaid persons so appointed to survey and examine

the same as aforesaid, excepting, however, therefrom, the station houses and bridges on said railroad, which the said parties of the second part are to maintain in good repair, but are not to be liable for general deterioration that arises from lapse of time, apart from the use of the same.

And it is further agreed that, in case any claim for damages or a recovery for the same be made or had against the said parties of the first part for the acts or omissions of the said parties of the second part, or their servants, by reason of the operating of said railroad or otherwise in relation thereto, the said parties of the second part agree to indemnify the said parties of the first part, and to hold them harmless from the same.

And the said parties of the second part for themselves, their executors, administrators and assigns, do, by these presents, accept this demise, subject to all the requirements of the laws of Vermont applicable to the said railroad, now existing, or which may be enacted during said term, as well as all contracts and engagements now existing between the said parties of the first part as Trustees of the said railroad, whether made by said Trustees or by the said company before their appointment as such Trustees, and all other parties, copies of which contracts are to be furnished to the said parties of the second part, with the delivery of these presents, or within sixty days thereafter.

And it is further agreed, by and between the said parties, that in case of the partial injury to the bridges of said railroad, to the amount of one hundred dollars or over, in each case, or their total destruction by freshets, without any fault or negligence of the said parties of the second part contributing thereto, said parties of the second part shall repair or replace the same without delay, under the general direction of the said parties of the first part, they, the said parties of the first part, hereby agreeing to pay the costs and expenses of such repairs or replacing.

And it is further agreed, by and between the parties hereto, that an inventory of the rolling stock and all personal property hereby included in this Indenture of lease as forming part of the capital stock with the value thereof, shall be made at the beginning of the said term in duplicate, and a copy thereof delivered to each of said parties, and that at the expiration of said term the said parties of the second part shall return rolling stock and personal property of like value and character, or pay its equivalent in money to the said parties of the first part, the option to pay in money to be declared by the said parties of the second part, in writing, six months before the expiration of said term, and the payment thereof to be made immediately upon the expiration of said term.

And the said parties of the second part further agree to keep the station houses and bridges of said road insured for an amount as near to their value as may be, and in case of injury to or destruction of them by fire, to apply the amount of such insurance to repairing or replacing the same.

In witness whereof, the parties hereto have hereunto interchangeably set their hands and seals the day and year first above written.

ALEX. HAMILTON, JR., Trustee, &c. [SEAL.]

G. MORRIS, Trustee, &c. [SEAL.]

HUGH H. HENRY, Trustee, &c. [SEAL.]

EDWIN A. BIRCHARD. [SEAL.]

JOHN B. PAGE. [SEAL.]

Sealed and delivered in the presence of

MADISON STOUT,

LEVI UNDERWOOD.

STATE OF VERMONT, WINDHAM COUNTY. ss: At Rockingham, this 26th day of May, A. D. 1865, personally appeared before me, Alex. Hamilton, Jr., G. Morris, Hugh H. Henry, Edwin A. Birchard and John B. Page, the signers and sealers of the above written instrument, and acknowledged the same to be their free, voluntary act and deed.

LEVI UNDERWOOD,

Master in Chancery.

Duly Stamped.

NOTE.—The lease of Vermont Valley Railroad Company to the Rutland Railroad Company after the expiration of the foregoing lease, and the assignment thereof as provided in the contract, is duly authorized and executed, but is not at hand to include in this Appendix.

ASSIGNMENT OF LEASE OF VERMONT VALLEY RAILROAD TO RUTLAND RAILROAD COMPANY.

THIS INVENTURE, made this 23d day of January, A. D. 1871, by and between John B. Page of Rutland, Vt., and Edwin A. Birchard of Boston, Mass., parties of the first part and the Rutland Railroad Company, party of the second part.

Witnesseth—That the said parties of the first part, in consideration of the promises and agreements herein contained and entered into by the party of the second part, hath and by these presents doth, assign, transfer and set over to the said party of the second part a certain lease, executed by Alexander Hamilton, Gouverneur Morris and Hugh H. Henry, Trustees, to them the said party of the second part of the Vermont Valley Railroad, its appurtenances and property therein described, which lease is dated the 12th day of May, 1865, and is recorded in Windham County Clerks Office in Vol. 6 of Records of Deeds and Executions, and on pages 55-64, to which record reference is hereby made for a further description of said lease and said Railroad and property, together with all our right, title and interest in and to said Railroad and property, and term of years remaining unexpired under said lease, which we now have, or own or may have in and to the same; but, nevertheless, subject to the terms and conditions expressed and contained in said lease, which the said party of the second part during the remainder of said unexpired term, are to perform and fulfil in every respect as to said Railroad and the personal property delivered under this assignment; and will pay in addition to the rent reserved in said lease, to the parties of the first parts or their assigns, the sum of four hundred sixteen dollars and sixty-seven cents (416 67) monthly during the remainder of said unexpired term, and payable as the rent under said lease becomes due and payable.

To have and to hold the same to the said party of the second part their successors and assigns, as aforesaid, for and during the remainder of said lease.

And the said party of the second for themselves, their successors and assigns, covenant to and with the said parties of the first part, their heirs, executors and assigns, that during said unexpired term, they shall and will fulfill and perform all the stipulations and conditions of said lease so as to save harmless the said parties of the first part, and each of them, and their heirs, executors and assigns from all future liability in respect thereto arising in consequence of a neglect or failure to perform and fulfill the terms and conditions of said lease by said party of the second part, or their successors and assigns, and accruing during the residue of said term.

And it is hereby further agreed, that in case the said party of the second part, their successors or assigns, shall fail or neglect to perform and fulfill the terms and conditions of said lease, or any or either of them, or any of the stipulations herein contained on their part to be done, performed and

fulfilled, according to the true intent and meaning of said lease and of this Indenture, and shall be, in default in respect thereto for the period of sixty days, that then and in that case the said parties of the first part, their heirs, executors and assigns, may determine all right, title and interest of said party of the second part, their successors and assigns, in and to said Railroad and property, and may re-enter thereon, and re-possess the same as fully and beneficially as if this Indenture had not been executed; and said parties of the second part hereby covenant that in case they shall be in default in any respect or particular aforesaid, that they will yield the possession of said Railroad and property without any let or suit, if said parties of the first part, their heirs, executors or assigns shall end and determine their right and interest as aforesaid.

In witness whereof, the said parties of the first part have hereto set their hands and seals; and the said party of the second part by their duly authorized agent has hereto set and subscribed the associate name of said party of the second part, and affixed their corporate seal, all on the day and year above written.

E. A. BIRCHARD, [SEAL.]

JOHN B. PAGE. [SEAL.]

RUTLAND RAILROAD COMPANY,

By JOHN B. PAGE, President. [SEAL.]

In presence of

J. M. HAVEN,

J. PROUT.

STATE OF VERMONT, RUTLAND, ss: At Rutland, in said County, on this 26th day of January, A. D. 1871, personally appeared Edwin A. Birchard and John B. Page, and acknowledged the foregoing instrument by them subscribed to be their free act and deed.

Before me,

J. PROUT,

Master in Chancery.

Duly stamped.

LEASE OF THE MONTREAL AND PLATTSBURGH RAILROAD TO THE RUTLAND RAILROAD COMPANY.

WHEREAS, it is believed to be for the advantage of the parties hereto as well as the public, that the Montreal and Plattsburgh Railroad should be managed, run and operated in connection with the line of the Burlington Steamboat Company and the Rutland Railroad as far as practicable.

Now this agreement made and entered into this 23d day of January, A. D. 1871, by and between the Montreal and Plattsburgh Railroad Company of the first part and the Rutland Railroad Company of the second part.

Witnesseth—That in consideration of the promises and agreements herein-after contained and entered into for the benefit of each party respectively, it is agreed as follows :

First.—That the said party of the second part, its successors and assigns, may and shall have the possession, use, management and control of the railroad of the party of the first part, extending from Plattsburgh, in the County of Clinton and State of New York, northerly to the Province Line of Canada, and as the same is now located and constructed, together with their wharf and wharf property at said Plattsburgh connected with said Railroad, and also its depots, depot grounds, yards, stations, structures, erections, water rights, fixtures, rolling stock, shops and machinery, now used on said Railroad and appertaining thereto, for the period of twenty years from the first day of January, 1871—the said party of the second part taking the income and earnings of said Railroad from that date to the day of the delivery of this contract,

Second.—The said party of the second part agree to pay the said party of the first part for the use of said Railroad and property as aforesaid, the sum of forty-two thousand dollars per annum, and at that rate during the existence of this contract, together with all taxes assessed on said property in the State of New York. Said sum of forty-two thousand dollars to be paid semi-annually as follows: Twenty-one thousand dollars to be paid on the 1st day of August, 1871, and twenty-one thousand dollars on the 1st day of February, 1872, and so on each year thereafter while this contract shall remain in force.

Third.—The said party of the second part shall take of the party of the first part all the fuel and shop stock or supplies of every kind which they may have on hand at the time of a delivery of this contract, including iron, ties, lumber and material then on hand and procured for said railroad, an accurate inventory of which shall be taken, and it shall be appraised by two persons, one chosen by the party of the first part and the other by the party of the second part as soon as practicable. In case said appraisers, chosen as aforesaid shall be unable to agree as to the value of said personal property or

any part thereof, they shall choose a third person or umpire, and the appraisal of a majority shall be final; said property so appraised shall be taken by said party of the second part, at said appraised value, for which said party shall give their promissory notes.

Fourth.—Said appraisers, to be chosen and appointed as aforesaid, shall also make an inventory of the rolling stock of said Railroad, its hand cars, tools and machinery, and appraise the same at their fair value upon a gold basis—which said party of the second part, their successors or assigns, at the limitation of this contract are to return in as good condition and repair as when delivered under this agreement, or return a like description of property of equal value, which shall be ascertained and determined by appraisers to be chosen and appointed by parties then interested in this contract, and at the termination thereof, and in case there should be any difference in value it shall be paid and adjusted on the basis aforesaid.

Fifth.—The said party of the second part, their successors or assigns shall, during the term of this contract, efficiently run and operate the said railroad, so as to accommodate the business on its line, or that shall come from its connections. They shall also keep the road bed of said railroad, its ties, iron, bridges, culverts, rolling stock, structures, shops, depots, erections and fixtures in good repair and condition, and at the expiration of this contract redeliver the same to the party of the first part, their successors or assigns, in like good condition and repair. That during the time this contract shall remain in force, the said party of the second part shall, at their own expense, or at the expense of their assigns, keep insured, the station houses, erections, and structures of said Railroad, for at least two-thirds their value as customary by Railroad Companies and Managers. And in case of loss by fire, the money raised on account thereof shall be appropriated and used in rebuilding or repairing such erection or structure injured or destroyed as aforesaid. And said party of the second part, their successors or assigns shall, also, during the duration of this contract, in case of the loss, destruction or deterioration of any of the rolling stock of said Railroad, or of the tools and machinery thereof, renew and replace the same, and from time to time as such loss, destruction or deterioration may occur or happen. And that they will save harmless and fully indemnify the said party of the first part from all liability accruing or arising, during the duration of this contract, against the said party of the first part or their assigns, as common carriers of freight and passengers over said Railroad.

Sixth.—The said party of the second part, their successors or assigns, shall assume, perform and fulfill all outstanding contracts made and entered into

by the said party of the first part, and save the said party of the first part fully indemnified therefrom; a schedule of which are hereto annexed.

And whereas, the said party of the first part have a lease of the Northern Division of the Whitehall and Plattsburgh Railroad, extending from the point of junction of said Railroad with the Railroad of the party of the first part in the village of Plattsburgh aforesaid to the Ausable River, which lease is dated the 1st day of May, 1869, and is for the term of ten years from its date, which railroad should be run in connection with the Railroad of the party of the first part; Now,

Seventh.—It is further agreed, that the said party of the second part, their successors or assigns, shall and will run and operate said division of said Whitehall and Plattsburgh Railroad for the party of the first part, during the remainder of said term, according to the terms and provisions of said lease, taking the earnings and income thereof and protecting the said party of the first part from all liability arising during the remainder of said term, as well as against all liabilities that may arise in consequence of running said Railroad as aforesaid. That said party of the second part will perform, for and on behalf of said party of the second part, all its contracts for supplies, fuel, &c., a schedule of which is also annexed, and use and account for its personal property as herein above provided, with respect to the road and property of the party of the first part, and maintain, keep up, insure and run said road for said party of the first part in all respects and particulars, as stipulated in respect to said Montreal and Plattsburgh Railroad and its property, all which provisions and stipulations shall be applicable to said division of said Railroad, described in said lease and its property.

Eighth.—The said party of the first part, their successors or assigns, shall protect the said party of the second part, their successors or assigns in the quiet and peaceable possession, use and management of said Railroad as aforesaid, and the personal property aforesaid during said term, and shall make, execute and deliver any further contract or agreement, necessary to that end.

Ninth.—That at the expiration of this contract, in respect to either of said Railroads and its property, or other determination of the same as hereinafter provided, the said party of the second part, its successors or assigns, shall yield up and deliver the possession thereof, together with its rolling stock and property, without suit, let or hindrance.

Tenth.—That if either party hereto, their successors or assigns, shall fail or neglect to perform any of the stipulations herein contained, the other party may determine this contract and re-enter upon and repossess said Railroads and property by giving the party in default thirty days notice of their intention to do so.

Eleventh.—The party of the second part agree that on the expiration of this contract, or other determination of the same, that they, their successors or assigns, shall and will peaceably yield up and surrender the said Railroads,

their property and appurtenances, and every part thereof in good condition, repair and preservation, and suitable for immediate use, with their business unimpaired by any act or neglect of theirs, or by any act or neglect of their successors or assigns.

Witness our hands and seals this day and year above written.

MONTREAL AND PLATTSBURGH RAILROAD,

By J. H. WILLIAMS, Director & Agt. [SEAL.]

RUTLAND RAILROAD COMPANY,

By J. B. PAGE, President. [SEAL.]

In presence of

B. B. SMALLEY,

J. PROUT.

STATE OF VERMONT, RUTLAND COUNTY, ss. : At Rutland in said County, on this 26th day of January, 1871, appeared the said Montreal and Plattsburgh Railroad Company by James H. Williams, Director and Agent of said Company and the Rutland Railroad Company by John B. Page, its President, and severally acknowledged the foregoing instrument to be the free act and deed of said several companies, and by them the said Williams and Page.

Before me,

J. PROUT,

Master in Chancery.

Duly stamped.

LEASE OF THE WHITEHALL AND PLATTSBURGH RAILROAD TO THE MONTREAL AND PLATTSBURGH RAILROAD.

THIS INDENTURE, made this first day of May, in the year of our Lord one thousand eight hundred and sixty-nine, between the Whitehall and Plattsburgh Railroad Company of the first part, and the Montreal and Plattsburgh Railroad Company of the second part.

Witnesseth—That the said party of the first part, for and in consideration of the rents and covenants of the party of the second part herein contained, hath demised, released and let, and by these presents doth demise, lease and let unto the said party of the second part and its assigns, all that certain part and portion of the Whitehall and Plattsburgh Railroad as lies between the point of junction of said road with the Montreal and Plattsburgh Railroad, in the village of Plattsburgh and the Ausable River, all in the County of Clinton and State of New York, together with its tracks, side tracks, turn-outs, depots, grounds, tools, hand-cars and furniture, with the privileges and appurtenances thereunto belonging and subject to such work as Harris & Co. are to do in order to fulfill their contract, unless the party of the first part choses to settle with and release them therefrom.

To have and to hold the demised premises with said appurtenances and privileges unto the said party of the second part for, during and until the full end and term of ten years, from the 1st day of May, instant, unless sooner terminated as herein provided, said party of the second part yielding and paying therefor unto the said party of the first part or its assigns, during the continuance of this lease, the rent of twelve thousand dollars per annum, payable semi-annually on the first day of November and May in each and every year. And the said party of the second part does covenant and agree with the said party of the first part and its assigns, to pay to the said party of the first part or its assigns the rent reserved at time above mentioned for the payment thereof.

It is hereby agreed between the parties hereto, that in case the party of the first part shall, at any time within the said term of ten years obtain, either by the construction of other portions of its said road, or otherwise, a railroad connecting with the Southern railroads, leading to the cities of Troy Albany, New York or Boston, that then and in such event, and upon and as soon as such Southern connection is obtained, this lease and all the rights of the party of the second part therein, and in and to the property hereby demised shall cease and terminate, anything herein to the contrary notwithstanding.

And it is also hereby agreed between the parties hereto that the party of the second part may, on its part terminate this lease at the end of any year during said term by giving to the party of the first part six months previous notice in writing of its intention to terminate said lease.

And the said party of the second part does further covenant and agree to complete the Salmon River Depot building, and to paint the depots and to construct all necessary switches, build such side tracks and fill such trestle on the portion of the road hereby leased as shall be necessary, and shall be agreed upon by the parties, and to keep a strict and accurate account of the actual expense of the work so done, and the amount of such construction account shall be settled and is to apply upon and be deducted from the rent last falling due upon this lease.

And should Harris & Co. fail to complete their contract or, should the parties of the first part settle with them, without requiring its completion (which they reserve the right to do) then the party of the second part agrees that it will do and perform the work of filling out the road bed and trestle so far as may be necessary to the proper protection of the road and track, on such terms as shall be agreed upon between the parties hereto; the work to be performed in a substantial manner and the party of the second part to charge only the actual cost and expense of doing the same, of which an account shall be kept in detail. And should the party of the first part fail to complete the fencing of the road within a reasonable time, the party of the second part is to do it and charge the expense to the party of the first part as aforesaid.

And the said party of the second part does further covenant and agree to and with the said party of the first part and its assigns, during the continuance of this lease, to run between the depot at the Ausable River and the village of Plattsburgh a sufficient number of trains to accommodate the business of said road, and which shall be at least two passenger or mixed trains each way a day (Sundays excepted) during the season of summer pleasure travel, and at least one passenger or mixed train each way a day (Sundays excepted) during the remainder of the year, and shall not assign this lease, or rent out, underlet or lease said road, without the written consent of the said party of the first part endorsed on this Indenture.

To keep the road and road bed in good condition.

And that if the said rent, or any part thereof shall be in arrear and unpaid at any time above mentioned for the payment thereof, or on a violation of either of the covenants or conditions aforesaid, the said party of the first part or its assigns, may re-enter into and upon the said demised premises, and become repossessed thereof as of its former estate; and the said party of the second part does further covenant and agree with the said party of the first part or its assigns, to deliver up to it the peaceable possession of the said demised road, premises and property at the expiration of the said term, in as good repair as the same now are, or may be in any time during the said term—the reasonable use and wear thereof excepted.

And said party of the second part agrees to take all the wood on the road procured for the use of the road and for running the same, and also all ties

on this portion of the said road belonging to the party of the first part not needed for sidings, and to pay for the same the sum which they cost the party of the first part.

The party of the first part is to take all the wood and material procured for the repairs or for use on the demised premises, which may remain on hand and may be suitable for use at the termination of this lease, and to pay for the same the cost price therefor, and the said party of the first part is also to pay all taxes assessed on said demised premises during the term.

And the said party of the second part agrees to insure in some good Fire Insurance Company the bridges depots and trestles upon the said leased premises for as large an amount as such companies will insure the same, and in case of total or partial loss by fire, said party of the second part agrees to apply said insurance money to the repairing or rebuilding of said bridges, depots or trestles.

It is understood and agreed that this lease and agreement is to take effect as of May 1, 1839, and said party of the second part is to be entitled to the receipts and pay the running obligations since that date.

THE WHITEHALL AND PLATTSBURGH RAILROAD COMPANY,

[SEAL]

By JOHN HAMMOND, President.

THE MONTREAL AND PLATTSBURGH RAILROAD COMPANY,

[SEAL]

By JOHN B. PAGE, President.

STATE OF NEW YORK, ESSEX COUNTY, ss : On this 11th day of June, 1869, before me personally came John Hammond, known to me to be the President of the Whitehall and Plattsburgh Railroad Company, and the individual who executed the above instrument who, being by me duly sworn, did depose and say, that as the President of the said the Whitehall and Plattsburgh Railroad Company he executed the foregoing instrument for and on behalf of the said Whitehall and Plattsburgh Railroad Company in pursuance of a resolution of the Board of Directors of the said Railroad Company.

A. B. WALDO, Notary Public.

STATE OF NEW YORK, COUNTY OF ESSEX ss : I William E. Calkins, Clerk of the County of Essex, and also Clerk of the Supreme and County Courts in and for said County, do hereby certify that A. B. Waldo, whose name is subscribed to the certificate of proof or acknowledgment of the annexed instrument, and thereon written, was at the time of taking such proof or

acknowledgment, a Notary Public in and for said County, dwelling therein, commissioned and sworn, and duly authorized to take the same. And, further, that I am well acquainted with the handwriting of the said Notary, and verily believe that the signature to the said certificate of proof or acknowledgment is genuine, and that said instrument is executed and acknowledged according to the laws of the State of New York.

In testimony whereof, I have hereunto set my hand and affixed the seal of the said Courts and County, the 11th day of June, 1869.

[SEAL]

WM. E. CALKINS, Clerk.

Duly Stamped.

ASSIGNMENT OF LEASE OF ADDISON RAILROAD COMPANY TO RUTLAND RAILROAD COMPANY.

THIS INDENTURE, made this 7th day of December, A. D. 1870, between the Addison Railroad Company of the first part, and the Rutland Railroad Company of the second part, both of said parties being railroad corporations, organized under the authority of the legislature of Vermont.

Witnesseth—That the party of the first part has demised and leased, and does hereby demise and lease, unto the said party of the second part, its successors and assigns, the road-bed of the party of the first part, together with its fixtures and appurtenances, and as the same may be constructed and completed, ready for running, and which is now in process of construction, from a point on the line of the road of the party of the second part, at or near Whiting station, so called, to the State line of the State of Vermont, at a point in Lake Champlain near Larabee's Point, so called, upon the line and route of the said Addison Railroad, as the same more fully appears from the surveys, maps and profiles of said road, or as the line thereof may be changed in the process of its construction, for the full term of ninety-nine years from the day of the completion of said road as herein-after provided; and the said party of the first part covenants and agrees to proceed with the construction of its said road as fast as the same can reasonably be done, and to have its said road, together with proper stations, turn-outs, switches, water-tanks, turn-tables and depot buildings, fully finished, and the rails laid, and in good condition for being used and operated, on or before the first day of October, A. D. 1871, and to deliver the possession thereof on the completion of said road.

And the said Rutland Railroad Company covenants and agrees to take the use and possession of said demised property, and to efficiently operate the said road and its appurtenances for the above period or term, and to furnish suitable and proper rolling stock for running and operating said road, and shall, during said term, keep the said demised property in good repair and in good running order; and shall, at its own expense, build such additional tracks, fixtures and buildings as shall be needed or required for the use and operation of said Addison Railroad; and will, at the end of said term, yield up the said property in good repair and in good running condition.

And the said party of the second part, for its successors and assigns, further covenants to pay the stockholders of the said Addison Railroad Company a sum sufficient to pay a dividend of seven per cent. on the capital stock of said company, as the same shall be issued by the said Addison Railroad Company, which capital stock is not to exceed in amount the actual cost to said Addison Railroad Company of constructing its said road in the manner heretofore provided, and the cost of making its connection with the Whitehall and Plattsburgh Railroad. And, also, such taxes as may be

assessed on the property of the said Addison Railroad Company, in the State of Vermont; said rent to be paid as aforesaid, semi-annually, at the office of the said party of the second part, its successors or assigns, in the city of Boston, on the first day of October and April, each year, to be free of government tax, and to commence when said party of the first part shall have fully completed its road as hereinbefore provided, and full possession thereof given to the said party of the second part, its successors or assigns.

And it is understood that the said Addison Railroad Company may issue stock to an amount sufficient to pay at par the actual cost to the Addison Railroad Company of constructing its railroad, and the cost of making its connection with the Whitehall & Plattsburgh Railroad.

Provided, and it is hereby further understood, that if the said lessees, their successors or assigns, shall, at any time, fail to perform any of the stipulations of this Indenture, on their part to be done and performed, and shall be in default in respect thereto, for the period of thirty days, in that case, the said lessors, or their assigns, may re-enter and repossess said demised railroad and property, and determine said Indenture.

In witness whereof, A. B. Waldo, agent of the said Addison Railroad Company, thereto duly and fully authorized by vote of said company and the directors thereof, hath hereunto set and affixed the name and seal of said corporation, and his hand, as the agent thereof. And the said Rutland Railroad Company, by its President, thereto fully authorized by vote of said corporation and the directors thereof, hath hereto set and affixed the name and seal of said company, and his hand as the President thereof, on the day and year above written.

RUTLAND RAILROAD CO. [SEAL.]

By JOHN B. PAGE, President.

ADDISON RAILROAD COMPANY. [SEAL.]

By A. B. WALDO, Agent.

In presence of

J. PROUT,

GEO. H. OWEN.

[SEAL.]

[SEAL.]

STATE OF VERMONT, RUTLAND, ss: At Rutland, in said county, on this 7th day of December, 1870, the Addison Railroad Company, by A. B. Waldo, appointed its agent for that purpose, and the Rutland Railroad Company, by John B. Page, its President, appeared before me, and acknowledged the foregoing instrument, by them signed, as aforesaid, to be the free act and deed of said several corporations, and the free act and deed of them, the said Waldo and Page.

Before me,

J. PROUT,

Master in Chancery.

[Duly stamped.]

Whereas, on the 23th day of September, 1870, an agreement was entered into between the Whitehall & Plattsburgh Railroad Company and the Rutland Railroad Company by which, among other things, the said Whitehall & Plattsburgh Railroad Company leased to the said Rutland Railroad Company, that portion of their road lying between Port Henry and Ticonderoga. And whereas, the Addison Railroad has been graded, and the track thereon laid, including the ferry across Lake Champlain, and the same connected with the Whitehall & Plattsburgh Railroad, in good faith, but a portion of the same is not ballasted ready for use. Now, be it

Resolved, That the said Whitehall & Plattsburgh Railroad Company hereby waives any forfeiture of said lease or agreement (if any), and hereby extend the time, to complete said road ready for use, to the 1st day of December, 1871.

At a meeting of the Directors of the W. & P. R. R. Co., held pursuant to notice at the hotel of G. B. Pease, at Port Henry, Oct. 2d, 1871, there being present, J. Hammond, J. B. Page, James Rogers, J. G. Witherbee, C. P. Fobes, Geo. R. Sherman, J. C. Brevoort, S. P. Bowen, A. B. Waldo, Wm. E. Calkins, (being ten of the thirteen directors,) the above resolution was offered by Mr. Witherbee, and seconded by Mr. Sherman, and carried unanimously.

WM. E. CALKINS, Sec'y.

ASSIGNMENT OF LEASE OF THE WHITEHALL AND PLATTSBURGH RAILROAD TO RUTLAND RAILROAD COMPANY.

THIS INDENTURE, made and executed this 26th day of September, A. D. 1870, by and between the Whitehall & Plattsburgh Railroad Company and the Rutland Railroad Company.

Witnesseth—That the said Whitehall & Plattsburgh Railroad Company organized under the law of New York, for and in consideration of the covenants, promises and agreements hereinafter contained and entered into on the part of the said Rutland Railroad Company, organized under the law of Vermont, have and by these presents do demise and lease unto the said Rutland Railroad Company, all that part of their the said Whitehall & Plattsburgh Railroad extending from the village of Port Henry south to the town of Ticonderoga, N. Y., and to where said railroad intersects, or may intersect, with the Addison Railroad when constructed, and as said road may be constructed when this demise takes effect, together with all its tracks, grounds, fixtures, privileges and appurtenances thereunto belonging and appertaining, with the full right to hold, use and enjoy, and operate the said railroad; and also, together with all tools, implements and machinery, if any is owned by said lessors, and which belongs to the aforesaid division of said railroad.

To have and to hold the said demised railroad and premises, with all the privileges, appurtenances and property aforesaid, unto the said Rutland Railroad Company, for and during the term of twenty years from the first day of October, A. D. 1871, fully to be completed and ended, unless this lease is sooner terminated as hereinafter provided. The said Rutland Railroad Company yielding and paying therefor, annually, during said term or until this lease shall be determined, the interest that may or shall accrue on all the mortgage bonds outstanding against the lessors, which constitute a lien, and the only lien on the aforesaid division of the said lessors' railroad, demised as aforesaid; and which bonds amount, exclusive of interest, to the sum of one hundred thousand dollars, and are described in a mortgage of said company on record in the County Clerk's office of Essex County, in said State of New York, and which interest, or rent, is to be paid according to the tenor of said bonds; and will also pay and discharge all assessments, or taxes of every kind now assessed, or which may be assessed hereafter on said demised road and property, or any part thereof, during the continuance of this lease. And shall also pay, or cause to be paid, the interest which is now unpaid on the mortgage bonds above described, as well as all interest which shall hereafter accrue on said mortgage bonds until the termination of this lease, upon the condition that the owners of the said mortgage bonds shall give an extension of the said bonds for the period of twenty years after they now mature, so that the principal of said bonds shall not mature

until the expiration of twenty years from the time they now mature; the Whitehall & Plattsburgh Railroad Company reserving the option at any time of paying up or retiring said mortgage bonds, and in case the said Whitehall & Plattsburgh Railroad Company shall so pay up, or retire, said bonds, then and in that case the Rutland Railroad Company shall pay, or cause to be paid, an equivalent as rent, in cash, semi-annually, to the amount of interest which otherwise would accrue on the said bonds; and it is further agreed that the said Rutland Railroad Company shall also pay any chattel mortgage now in force and a lien upon the property of the said demised road, and any and all claims for right of way; and the said Rutland Railroad Company doth hereby covenant and agree to and with the said Whitehall & Plattsburgh Railroad Company, its successors and assigns, to pay the rent reserved as aforesaid, and all taxes and claims on said demised road as above stipulated and agreed. *Provided*, and it is hereby understood and agreed, that the said Whitehall & Plattsburgh Railroad Company shall relinquish and transfer to the said Rutland Railroad Company the balance unpaid on the subscription claimed by the said Whitehall & Plattsburgh Railroad Company, of the Bay State Iron Company, to be applied in paying off and discharging the above enumerated outstanding claims against said division of said lessors' railroad herein described. And it is further agreed and understood that the said Whitehall & Plattsburgh Railroad Company shall and will use and appropriate whatever other funds it now has on hand, applicable to said southern division of said lessors' road, as heretofore agreed and understood, in paying off and discharging the above enumerated outstanding claims against said division of said lessors' railroad herein described; and the balance of said funds (if any) they, the said lessors, will lay out and expend on said demised railroad, in necessary repairs and fixtures, and towards putting said road in order and condition for running.

And it is hereby further agreed, by and between the parties hereto, that the said Rutland Railroad Company will take the said demised road and premises upon the terms aforesaid, and upon the conditions herein expressed, in such order and condition as it may be in when this lease, by its terms, shall take effect. And that thereupon the said Rutland Railroad Company will, and they hereby covenant to and with the said Whitehall & Plattsburgh Railroad Company, that they will put the said demised road in good running order—will make and complete necessary turn-outs, station houses and fixtures, and as may be required by the traffic and business of said railroad; and also will run and operate the same for and during the term aforesaid; they, the said Rutland Railroad Company, or their assigns, furnishing all necessary rolling stock, or equipments, necessary for that purpose; and also will, during said term, make all repairs on said demised road and premises, and keep and maintain the same, its fixtures, station houses and erections in good condition and repair during said term. And it is hereby further agreed by and between the parties aforesaid that they, the said Rutland Railroad

Company, and assigns, shall keep an accurate account and in detail, of all expenses for work done on said railroad, of all materials furnished and used on said railroad, as well as any other expense or expenditure made, or liability incurred, in putting said railroad in condition to run, including the expense of turn-outs, fixtures and erections of any kind, and that after deducting such expenses, rents and taxes as well as the expense of operating said railroad, from the amount of the gross earnings of said road, there shall be a balance of earnings, that in that case, they, the said Rutland Railroad Company, or their assigns, shall and will pay twenty per cent. thereof to said lessors or their assigns, and as such excess of earnings may accrue from year to year, during said term; but in case such earnings shall be inadequate to pay the running expenses, repairs, taxes, &c., above mentioned, the said Whitehall & Plattsburgh Railroad Company shall not be liable for any deficiency.

The Whitehall & Plattsburgh Railroad Company being desirous to secure the construction of that part of their railroad extending from said village of Port Henry to Point of Rocks, as soon as practicable: now it is further agreed by the parties hereto, that in case said lessors or their assigns shall build said portion of said railroad, and open the same for traffic, during said term, that the said Rutland Railroad Company and assigns will *pro rata* with the said Whitehall & Plattsburgh Railroad Company, in respect to all business going from, or destined to, points on said railroad between Port Henry and Plattsburgh, or any part of its road, either now constructed, or to be constructed by the said Whitehall & Plattsburgh Railroad Company. And it is hereby further agreed by and between the parties hereto, that in case the said rent herein reserved and payable as aforesaid, or any part thereof, shall remain in arrear and unpaid for the space of twenty days after the same becomes due and payable, or in case of any violation of any or either of the other covenants, agreements or stipulations, or conditions aforesaid, and entered into by the said Rutland Railroad Company or its assigns, that then the said Whitehall & Plattsburgh Railroad Company, or its assigns, may re-enter into and upon the said demised railroad, premises and property, and become re-possessed thereof, and as of their former estate. And the said Rutland Railroad Company, for themselves and assigns, hereby further covenant to and with the said Whitehall & Plattsburgh Railroad Company and assigns, to yield up, at the expiration of said term, the peaceable possession of said road, premises and property, with appurtenances, in as good repair as it may be in at any time during said term, the reasonable use and wear thereof excepted.

Provided, and it is further understood and agreed that this lease is not to take effect unless the said Rutland Railroad Company shall and does guarantee the payment of semi-annual dividends of $3\frac{1}{2}$ per cent., free of all taxes, upon the capital stock of the Addison Railroad Company, from and after the time it shall be opened for business. And also provided, that this

lease shall not take effect unless the said Addison Railroad shall, *bona fide*, be put under contract, on or before the 15th day of November next, and to be built so that a connection thereof shall be made with the Whitehall & Plattsburgh Railroad, and ready for business on or before the first day of October, A. D. 1871, the lessees to have possession of the said demised premises from date hereof.

In witness whereof, the said parties have hereunto set their names and their official seals, at the date first above written.

WHITEHALL & PLATTSBURGH R. R. CO.

[SEAL.]

By JOHN HAMMOND, President.

By T. HOYLE, Sec. and Treas.

RUTLAND RAILROAD COMPANY.

[SEAL.]

By JOHN B. PAGE, President.

J. PROUT, witness as to Railroad Co.

STATE OF NEW YORK, ESSEX COUNTY, ss: On this 26th day of September, 1870, before me personally came John Hammond, to me well known to be one of the individuals described in, and who executed, the foregoing instrument, (and also well known to me to be the President of the Whitehall & Plattsburgh Railroad Company), and acknowledged that he executed the same.

WM. E. CALKINS,

Notary Public, Essex Co., N. Y.

STATE OF NEW YORK, COUNTY OF CLINTON, ss: On this twenty-eighth day of September, 1870, before me personally came T. Hoyle, who is known to me to be one of the individuals described in, and who executed, the foregoing instrument, and acknowledged that he executed the same.

[SEAL.]

THOMAS HEFFERMAN,

Notary Public.

STATE OF NEW YORK, CLERK'S OFFICE OF CLINTON COUNTY, ss: I, Stephen Moffitt, Clerk of the said County and of the Courts of Record thereof, do hereby certify that Thomas Hefferman, Esq., whose name is subscribed to the certificate of the proof or acknowledgment of the annexed instrument and thereon written, was at the

[L. s.] time of taking such proof or acknowledgement a Notary Public in and for the said County of Clinton, dwelling therein, commissioned, sworn and duly authorized to take the same. And further, that I am well acquainted with the hand-writing of said Notary Public, and verily believe that the signature to the said certificate of proof or acknowledgement is genuine, and the said instrument is executed and acknowledged according to the laws of this State.

In testimony whereof, I have hereunto set my name and affixed the seal of said Court and County, this 28th day of September, A. D. 1870.

S. MOFFITT, Clerk.

Duly stamped.

OPINION OF COUNSEL OF CORPORATION.

Oct. 10, 1871.

Gov. PAGE: In answer to your inquiry as to the authority of your Company to issue additional preferred stock, I would say, that the charter of the company in terms authorizes, upon a vote of the directors, the issue of such stock for the purpose of paying or purchasing prior claims or incumbrances upon the road and property existing at the time the charter was granted or which accrued in the administration of the second trust. Such preferred stock the Company are also authorized to exchange for prior claims or incumbrances upon the property, and upon such terms as may be agreed upon. This is substantially the language of the charter and the only limitation in regard to the amount the Company may issue is, that it shall not exceed the amount of such prior claims and incumbrances that constitute a lien and charge upon the property of the Corporation.

These prior claims or incumbrances consist

First. Of the amount of the first mortgage of the R. & B. R. R. Co., including unpaid interest thereon. This is settled by the decree obtained in the suit of Cheever & Hart vs. Rutland & B. R. R. Co., et. al. to which may be added I think the amount paid as the difference between Gold and Currency, if Gold was demandable under your agreement with them and the costs paid them on the settlement of that decree.

Second. Of all claims and liabilities incurred by the Trustees under the Second Mortgage remaining unpaid, which they incurred in good faith in managing the road, and in defending its rights and interests; including Counsel and Attorneys' fees and charges. Claims of this character are made a charge upon the trust property, impliedly by the charter and expressly by the decree in the Ellis Gray Loring suit, passed by the Court of Chancery in 1855, and which the Supreme Court in the suit of Cheever & Hart say ought to be enforced. This would undoubtedly be so upon general principles, applicable to the administration of the 2d trust. The lien given by that decree would cover or embrace liabilities incurred by the Trustees for rolling stock, extraordinary repairs of the road, Trustees, compensation, and expenses remaining unsatisfied.

Third. Of all claims existing against the road for injuries to the person and property of others and sustained in consequence of the negligence of the second Trustees' agents and servants, in operating the road. These claims are a claim upon the rolling stock of the road, for purpose of indemnity and it may be attached and sold at the suit of the party injured. For this purpose the property is deemed to be the property of those running the road at the time such injury is sustained. Section 65 of the General Rail Road Act is explicit upon this point. Of course the issue of the stock must be necessary for the purpose of paying or purchasing these prior claims as contemplated by the charter.

It is only necessary then in my view to determine the question of authority to ascertain as you readily can, the difference between the aggregate

amount of these claims and the amount of preferred stock already issued, the excess of these claims over the amount of the preferred stock being a proper legal basis for the issue of such stock. This is however subject to the provisions of Sec. 9, of the charter which provides that no such stock shall be issued unless an equal amount of claims or incumbrances shall thereby be satisfied, retired or exchanged therefor.

Additional stock may be issued by vote of the Directors, as authorized by Sec. 2, of the Act of 1870, and to an amount sufficient to represent the value of the property of the Corporation; that is its increased value accruing in consequence of the acquisition of its Dock property at Burlington, and other real estate, new property, &c., which is not represented by the original stock of the Company. Whether this Act authorizes the issue of a preferred stock under the provisions of the charter which is peculiar as to the rights and liens it gives, is questionable and deserves more consideration than I am now able to give it.

Respectfully Yours,
J. PROUT.

PROPOSED CONTRACT OF SETTLEMENT.

Boston, —1868.

It is hereby mutually agreed between John S. Farlow for himself and his associates, representing such of the first mortgage bondholders of the Rutland & Burlington Railroad Company as unite with them in prosecuting the pending suit in Vermont, to enforce said first mortgage, and in bearing the expenses thereof, and John B. Page, for himself and his associates, George B. Chase and Peter Butler, as follows:

First. That on the 20th day of December, 1868, at the office of the Rutland Railroad Company, No. 13, Kilby Street, Boston, the said Farlow and associates (will sell and deliver to said Page, Chase and Butler, or exchange for preferred stock of said Rutland Railroad Company, at the option of said Page, Chase and Butler)—they, the said Page, Chase and Butler providing the means therefor—three hundred thousand dollars in principal, with the accrued interest in addition, or upwards, to the amount of four hundred and fifty thousand dollars, of such principal with such accrued interest in addition, at the option of said Farlow and associates, of the first mortgage bonds of the Rutland & Burlington Railroad Company, upon being paid the sum of one hundred and eighty-nine dollars and twenty-five cents for each one hundred dollars of such principal.

Second. And the said Page, Chase and Butler agree to pay therefor said price by notes payable in Boston as follows:—one note for one hundred thousand dollars, with interest, at three months; and five notes of equal amount for the balance, at 6, 9, 12, 15, and 18 months, all with interest—all said notes to be dated on the 31st day of October 1868, all to be sign-

ed by the Rutland Railroad Company, and all payable to, and endorsed by, the said John B. Page, George B. Chase and Peter Butler.

Third. And said Page, Chase and Butler agree that if the said bonds held and represented by said Farlow and associates, shall exceed said sum of four hundred and fifty-thousand dollars, in principal, besides interest so to be sold and delivered or exchanged as aforesaid they will either take such excess as there may be found to be, at the same rate and in the same way, or that said Farlow and associates shall not be obliged to sell, deliver or exchange said first mentioned sums of said bonds; but if said amount shall so exceed said four hundred and fifty thousand dollars of principal, said Page, Chase and Butler shall not be bound to take any thereof.

Fourth. Said Page, Chase and Butler agree to, and do now deposit with George F. Edmunds, fifty-thousand dollars; which sum, if said bonds shall be so taken by said Page, Chase and Butler, or exchanged as aforesaid, shall be for the use and benefit of said Farlow and associates, on account of the costs, expenses, Trustees, and Bondholders' Committees' compensation, and counsel fees in the litigation touching said first mortgage bonds, incurred by the Trustees and Committee therein; and if said bonds are not so taken or exchanged as aforesaid, then said fifty thousand dollars shall be applied to the same uses and purposes, but in the last named event the Court in which said first-mortgage case shall be pending in Vermont, shall, in its final directions in said suit, direct whether the same shall be applied in the account to such purposes or in payment of so much of the first mortgage debt.

Fifth. In case said bonds are so taken or exchanged, and paid for as aforesaid, all suits pending on the subject, to wit, said first mortgage cause, the case of Spencer and others against Cheever and Hart and others and Birchard & Page against Cheever, in Vermont, and all other suits, and proceedings if any, shall be discontinued without costs to either party, and all costs in the litigation shall be paid and the pending proceeding; in the case of Ellis Gray Loring and others against the Rutland & Burlington Railroad Company and others may be also discontinued.

Sixth. Said Cheever shall also in such case release to said Birchard & Page all his interest in the wharf property, so called, in Burlington, Vermont, which is the subject of said suit of Birchard and Page against him—the rents received therefrom to be retained as already applied to expenses.

Seventh. Said Cheever and Hart also in such case shall apply to the court of chancery in Rutland County, Vermont, immediately after the payment of the fifty thousand eight hundred and seventy-five dollars note herein below named, to be allowed to resign and give up their trust, and to have other proper Trustees appointed in their stead, and shall prosecute such application under the direction of George F. Edmunds, their Solicitor, in good faith, but at the cost and expense of said Page, Chase and Butler.

Eighth. And said Page, Chase and Butler agree to cause to be cancelled and delivered up to said Farlow and associates, on said 20th day of

December, 1868, if said bonds are so taken or exchanged, the contract with Hon. D. A. Smalley, known as the "Smalley Contract."

Ninth. And said Page, Chase and Butler also agree, if said bonds are so taken or exchanged, to fully indemnify and save harmless the said Farlow and associates, the committee of first mortgage bondholders and said first mortgage trustees, from all existing claims (if any) of E. J. Phelps against them or any of them, for counsel fees, services or disbursements in said before mentioned litigation.

Tenth. And said Page, Chase and Butler also agree, in case the said bonds shall be so taken or exchanged, to pay, by like, or other satisfactory note, payable on the 1st day of January, 1869, to said Farlow and associates, the further sum of fifty thousand eight hundred and seventy-five dollars, on account of the necessary services, labor and expenses of said committee of the first mortgage bondholders, and said first mortgage trustees, in said litigation.

Eleventh. And is further mutually agreed between the parties hereto, that all the bonds so sold, received or exchanged as herein provided, shall be kept on foot and in full validity for the security of the payment of all said notes, primarily, and also for the security, secondarily, of the said endorsers thereof, for their endorsements; and for that purpose they shall on the occasion of such sale, delivery or exchange, be properly identified and placed in the hands of George F. Edmunds, and be left and retained by him, as a trustee for that purpose; and when said notes shall all have been so paid, said bonds shall be delivered over to said Corporation.